

SUPPLEMENTARY PROSPECTUS

INDOOR SKYDIVE AUSTRALIA GROUP LIMITED ACN 154 103 607

This supplementary prospectus (“**Supplementary Prospectus**”) is dated 5 December 2012 and is supplementary to the prospectus dated 1 November 2012 (“**Prospectus**”) issued by Indoor Skydive Australia Group Limited ACN 154 103 607 (“**Company**”) relating to the initial public offering of up to 60,000,000 Ordinary Shares in the Company at an offer price of \$0.20 cents each to raise up to \$12 million.

This Supplementary Prospectus was lodged with the Australian Securities and Investments Commission (“ASIC”) on 5 December 2012. Neither ASIC nor Australian Securities Exchange Limited (“ASX”), nor their respective officers, take any responsibility for the contents of this Supplementary Prospectus or the merits of the investment to which this Supplementary Prospectus relates.

This Supplementary Prospectus was issued by the Company to supplement the Prospectus and must be read together with the Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail to the extent of the inconsistency. Unless the context otherwise requires, terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus.

The Company has issued both a printed and electronic version of this Supplementary Prospectus and the Prospectus. Electronic versions of both may be accessed at www.indoorskydiveaustralia.com.au.

The Prospectus and this Supplementary Prospectus are important documents and should both be read in their entirety. Please consult your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest or if you do not fully understand the contents of these documents.

This Supplementary Prospectus contains particulars of changes to the Prospectus. Other than the changes set out below, all other details in relation to the Prospectus remain unchanged.

1. CHANGES TO THE OFFER PERIOD AND KEY DATES

The Closing Date of the Offer has been extended to 5.00pm (AEDT) on **Friday, 14 December 2012**. As a consequence of the extension of the Closing Date, the key dates for the Offer set out in the indicative timetable on page 3 of the Prospectus from the Closing Date onwards have changed. The key date changes below will now apply to the indicative timetable for the Offer:

Key Date	Previous Date (Prospectus)	Current Date (Supplementary Prospectus)
Closing Date	5 December 2012 (5.00pm AEDT)	14 December 2012 (5.00pm AEDT)
Expected date for despatch of holding statements	11 December 2012	19 December 2012
Expected date for ASX Listing	14 December 2012	28 December 2012
Expiry Date	1 December 2013	1 December 2013

The Company reserves the right to vary the dates and times of the Offer, including to close the Offer early, withdraw the Offer, further extend the Closing Date or to accept late Applications, without notice.

This is a Supplementary Prospectus intended to be read with the Prospectus dated 1 November 2012 relating to the initial public offer of Ordinary Shares in Indoor Skydive Australia Group Limited

2. REASON FOR CHANGE OF KEY DATES

Subsequent to the issue of the Prospectus, the Company is giving a short extension of the Closing Date to Friday, 14 December 2012 because it has come to the attention of the Board that some potential investors may have been disenfranchised by the timing of the current closing date.

3. HOW TO APPLY FOR SHARES

The Offer of Shares is made in the Prospectus (as supplemented by this Supplementary Prospectus).

If you wish to apply for Shares, please complete and return an Application Form which is attached to or accompanies the Prospectus, following the instructions set out at page 12 of the Prospectus and on the Application Form, or submit your Application Form electronically following the instructions set out at page 12 of the Prospectus and on the Application Form via www.boardroomlimited.com.au/ISAGroupOffer.

The Application Form (whether paper Application Form or electronic Application Form) must be received by 5.00pm (AEDT) on the Closing Date (as specified in the indicative timetable set out in section 1 above).

4. APPROVAL OF SUPPLEMENTARY PROSPECTUS

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors of the Company.

In accordance with section 720 of the Corporations Act 2001, each of the Directors of the Company has given, and has not withdrawn, their consent to the lodgement of this Supplementary Prospectus with ASIC.

Signed for and on behalf of Indoor Skydive Australia Group Limited:



.....
WAYNE JONES
Director

**INDOOR
SKYDIVE
AUSTRALIA
GROUP
LIMITED**

ACN: 154 103 607

PROSPECTUS

Initial Public Offering of up to 60,000,000 Ordinary Shares at an offer price of \$0.20 cents each to raise up to \$12 million





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Offer

The Offer contained in this Prospectus is an invitation to acquire Shares in Indoor Skydive Australia Group Limited ACN 154 103 607 (“ISA Group”).

Lodgement and listing

This Prospectus is dated 1 November 2012 and was lodged with the Australian Securities and Investments Commission (“ASIC”) on 1 November 2012. Neither ASIC nor Australian Securities Exchange Limited (“ASX”) takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. An application will be made to ASX no later than seven days after the date of this Prospectus for ISA Group to be admitted to the Official List and for official quotation of the Shares on ASX. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Note to Applicants

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs.

It is important that you read this Prospectus carefully and in full before deciding whether to invest in ISA Group. In particular, in considering the prospects of ISA Group you should consider the risk factors that could affect ISA Group’s financial performance in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your

accountant, stockbroker, lawyer or other independent professional adviser before deciding whether to invest. The price of Shares may rise or fall according to a number of factors. Some of the key risk factors that should be considered by prospective investors are set out in Section 7. There may be risks in addition to these that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees ISA Group’s performance, the repayment of capital or the payment of a return on the Shares, except as required by law, and then only to the extent required.

No offering where offering would be illegal

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities

described in this document have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws. For further information, please refer to section 2.12 of this Prospectus.

Disclaimer and representations

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Directors, ISA Group, or any other person in connection with the Offer.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as ‘may’, ‘could’, ‘believes’, ‘estimates’, ‘targets’, ‘expects’, or ‘intends’ and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of ISA Group, the Directors and Company management.

ISA Group and the Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

ISA Group has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause actual results to differ material from the results expressed or anticipated in these statements. These risk factors are set out in Section 1.4 and Section 7.

ISA Group and the Directors disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

Obtaining a copy of this Prospectus

A hard copy of this Prospectus is available free of charge to any person in Australia by contacting the Share Registry on 1300 737 760 from 9.00am to 5.00pm (Sydney time) Monday to Friday on or before the Closing Date. The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus in electronic form within Australia. Persons having received a copy

CORPORATE DIRECTORY

Registered Office:

Indoor Skydive Australia Group Limited
(ACN: 154 103 607)
Level 6, 8 Help Street
Chatswood NSW 2067

Principal place of business:

Level 6, 8 Help Street
Chatswood NSW 2067
Phone: 02 9325 5960
Fax: 02 9325 5950
Email:
info@indoorskydiveaustralia.com.au

Directors:

Ken Gillespie
Non-Executive Chairman

Wayne Peter Jones
Executive Director & CEO

Daniel Christopher Hogan
Executive Director & COO

Stephen Baxter
Non-executive Director

John Flower Diddams
Non-executive Director

Company Secretary:

John Flower Diddams

Company Legal Advisors:

Truman Hoyle
Level 11, 68 Pitt Street
Sydney NSW 2000

Auditors:

RSM Bird Cameron Partners
Level 12, 60 Castlereagh Street
Sydney NSW 2000

Investigating Accountants:

RSM Bird Cameron Corporate Pty Ltd
Level 12, 60 Castlereagh Street
Sydney NSW 2000

Share Registry:

Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000

Website:

www.indoorskydiveaustralia.com.au

An electronic copy of this Prospectus is available on this website.

of this Prospectus in its electronic form may, during the Offer Period, obtain a hard copy of the Prospectus (free of charge) by telephoning 1300 737 760. Applications for Shares may only be made on the Application Form attached to or accompanying this Prospectus. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to or accompanies a hard copy of the Prospectus or the complete and unaltered electronic version of the Prospectus.

Website

ISA Group maintains a website at <http://www.indoorskydiveaustralia.com.au/> where information regarding ISA Group is published.

Exposure Period

The Corporations Act prohibits ISA Group from processing applications for Shares in the seven day period after the date of lodgement of the Prospectus. This period may be extended by ASIC by up to a further seven days. This period is an exposure period to enable the Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus in which case any application may need to be dealt with in accordance with section 724 of the Corporations Act. Applications received during the exposure period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the exposure period.

Diagrams

Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Photographs

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents.

The pictures in this Prospectus were taken at various times prior to publishing this Prospectus. ISA Group does not purport that the pictures reflect the assets or operations of ISA Group.

Not underwritten

This Offer is not underwritten.

Rounding

Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

Financial Information

Historical financial information has been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations of the Australian Accounting Standards Board (“AASB”) and the Corporations Act.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the

financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Please refer to section 6 for more information.

Glossary

A number of terms and abbreviations used in this Prospectus have defined meanings which appear in the Glossary of Terms at the end of this Prospectus. All financial amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated.

Electronic Prospectus

This Prospectus will be issued in paper form and as an electronic Prospectus, which may be viewed online at www.IndoorskydiveAustralia.com.au and at www.BoardroomLimited.com.au/ISAGroupOffer. The Offer of Shares pursuant to this Prospectus is available to persons receiving an electronic version of this Prospectus in Australia. The Corporations Act prohibits any person from passing onto another person the Application Form unless it is attached to or accompanied by the complete and unaltered version of this Prospectus. During the currency of this Prospectus, any person may obtain a hard copy of this Prospectus by contacting the Share Registry at 1300 737 760.

Privacy

If you apply for Shares, you will provide personal information to ISA Group and the Share Registry. ISA Group and the Share Registry collect, hold and use your personal information in order to assess your Application, service your

needs as an investor, provide facilities and services that you request and carry out appropriate administration. Corporations and tax laws require you to supply some of the information to be collected in connection with your Application. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

ISA Group and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act:

- the Share Registry for ongoing administration of the register; and
- the printers and the mailing house for the purposes of preparation and distribution of holding statements and for handling of mail.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) ISA Group or the Share Registry. You can request access to your personal information by writing to ISA Group through the Share Registry at:

Boardroom Pty Ltd
GPO Box 3993
Sydney NSW 2000

You can obtain a copy of ISA Group’s privacy policy electronically at <http://www.indoorskydiveaustralia.com.au/>

KEY DATES & GENERAL INFORMATION

KEY DATES

Prospectus lodged with ASIC	1 November 2012
Opening Date	12 November 2012
Closing Date	5 December 2012
Expected date for despatch of holding statements	11 December 2012
Expected date for ASX Listing	14 December 2012
Expiry Date of this Prospectus	1 December 2013

This timetable is indicative only. All dates and times are indicative only and are in reference to AEDT. ISA Group reserves the right to vary the dates and times of the Offer, including to close the Offer early, withdraw the Offer, extend the Closing Date or to accept late Applications, either generally in particular cases, without notice. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

KEY OFFER STATISTICS

Share Price per Share	\$0.20
Number of Shares offered under this Prospectus	60,000,000
Number of Shares on issue following the Offer	88,333,333
Cash proceeds of the Offer	\$12,000,000

**CHAIRMAN'S
LETTER**





The vertical wind tunnel contained within the facility will be one of the largest currently operating in the world and accurately simulates the experience of free-fall skydiving in a safe, air-conditioned environment.

Dear Investor,

On behalf of my fellow Directors, it gives me great pleasure to offer you this opportunity to invest in Indoor Skydive Australia Group Limited (“ISA Group”).

Under this Prospectus, ISA Group is offering for subscription 60,000,000 Shares at an issue price of \$0.20 to raise \$12 million to fund the construction, to initial operating capability, of the first skydiving simulation facility of its type in Australia. This facility will house one of the largest Vertical Wind Tunnels (“VWT”) available in the world and will be able to accommodate up to eight professional skydivers, or two amateurs, at a time for training or entertainment.

This is an exciting project to build a world class training facility. In over 40 years of engagement in, and responsibility for, the training of young Australian soldiers, I have personally witnessed the benefit of simulators in teaching new skills, maintaining existing capabilities and honing advanced abilities. The use of simulators to reduce costs, improve safety, maintain readiness and develop advanced skills in an environment where the soldier or civilian can test the absolute limits of their abilities safely has been a major area of technological advancement and growth over the past decades.

ISA Group plans to construct and operate the only large scale commercial indoor skydiving facility in Australia, and only the second of its type in the Asia/Pacific region. The type of VWT contained within the facility will be the largest currently operating in the world and accurately simulates the experience of free-fall skydiving in a safe, air-conditioned environment. These types of facilities are used around the world for training by military and competition skydivers and as a source of entertainment and team building by a wide variety of people of all ages.

The management team have worked over several years to secure a location, gain all development approvals and contract for supply of a VWT for a world class facility. There are significant challenges in obtaining approvals and contracts for a facility that will be three stories high and nearly two stories below ground, housing a 5 metre diameter wind tunnel capable of driving air at over 250km/h using four, 450hp electric fans suspended in a service deck weighing over 60 tonnes in the roof, all to provide a world class skydiving simulation.

I have been privileged to witness the management teams’ professionalism, focus and ability to overcome challenges in demanding environments while in their former roles within the Australian Army. This dedication and commitment has seen ISA Group be the first company in Australia to successfully negotiate and gain development approval for a commercial indoor skydiving facility. ISA Group has secured a location within the Penrith Rugby League Club redevelopment at Penrith, close to military and professional skydivers and with a local area population of 1.7 million people. The facility is planned to be next door to the club’s main entrance, a club with over 140,000 members and a drawcard for local and interstate guests.

ISA Group has contracted with SkyVenture International Limited to supply a 6th generation VWT. SkyVenture International Limited is part of the SkyVenture LLC group, the leading manufacturer of these simulators with over 23 VWTs installed and operating in North America, the UK, Europe, Middle East and Russia. SkyVenture LLC also owns several well established and trusted brands including iFly, which ISA Group has also licenced for Penrith as iFly Downunder providing international marketing and recognition.

Details of the Offer and the operations, financial performance and the outlook of ISA Group are set out in this Prospectus. I encourage you to read it carefully. On behalf of the Board of ISA Group, I commend this investment to you and look forward to welcoming your subscriptions under this Prospectus.

Yours sincerely

LTGEN KEN GILLESPIE (Retd)
AC, DSC, CSM
Chairman

1. INVESTMENT OVERVIEW

1.1 Business Overview

ISA Group is initially constructing and will operate the first of its kind in Australia, industry leading, 16.4 foot (5 metre) air conditioned vertical wind tunnel (“VWT”). Once constructed, this facility will be amongst the largest tunnels available in the world that are used by military and civil skydivers for safe and cost effective training, as well as thrill seekers and corporate team building groups wanting new and exciting experiences.

The VWT to be constructed is one of the largest and most advanced system available, developed by the most experienced manufacturer of vertical wind tunnels in the world, SkyVenture, LLC, and will trade under the highly regarded iFly banner.

1.2 Strategy and Opportunity

ISA Group has identified a market opportunity within Australia to provide a first of its kind facility for training and entertainment in the skydiving and adventure sports industries.

The facility will be located in a newly developed adventure park adjacent to Penrith Rugby League Club (“Penrith Panthers”), providing ready access to customers from military installations, skydiving communities, clubs and other groups, and adventure seekers. The development also provides for transport and car parking, food, accommodation and other leisure activities.

With no other professional indoor grade VWT operating within the Australian market, and with extensive lead times to develop, gain approvals for, and construct such facilities, ISA Group is well placed to gain a strategic advantage in establishing the market leading skydiving simulation capability to service the professional, enthusiast and adventure customer bases. The founders have already made the initial deposit for the equipment with SkyVenture, the purchase and licence agreement and Agreement to Sublease have been signed, and the Development Application (“DA”) was approved in April 2012, providing a significant first mover advantage to this project.

Upon construction of the first of its kind VWT in Australia, ISA Group will target a combination of professional and leisure customer markets which include:

- professional military training and simulation for special forces and specialist parachute regiments,
- accredited skydiver instructors, examiners and coaches,
- licenced skydiving enthusiasts,
- enthusiast indoor skydivers and competitors,
- corporate and group events catering for team building, tourist groups and club group experiences,
- kids and schools undertaking sport, education and entertainment activities, and
- tourism and adventure and sport markets catering to thrill seekers, adventurers and those seeking new experiences.

Management has significant experience with, and strong ties within, the professional military and civil skydiving fraternity in Australia and overseas. ISA Group has also engaged a highly experienced leader in the adventure tourism industry to formulate marketing plans and review opportunities for the corporate and group adventure customer base.

ISA Group believes the use of simulated skydiving attracts repeat business which is enhanced through introduction of training, clubs (frequent flyers, etc) and the alignment with the International Body Flight Association (“IBA”) Flyer Ratings program. This internationally recognised program is designed to provide the flyer with a direction for growth and to maximize their learning, thus encouraging continued use and training within the facility.

Recent foreign experience of iFLY VWT licensees indicates that the class of facility proposed to be used by ISA Group is able to generate profitable operations from opening due to strong demand from pre-bookings and return business.

ISA Group believes that there is a potential for it to operate a portfolio of VWTs located throughout Australia, meeting the demand of users located throughout the capital cities and suburbs. ISA Group’s initial purchase and licence agreement with SkyVenture anticipates that ISA Group may wish to engage for future growth with SkyVenture. Such a portfolio would further grow the sport of indoor skydiving, as well as encourage new entrants, and facilitate additional training within the traditional skydiving community. This growth strategy will assist in ISA Group maintaining market leadership within Australia.

1.3 Key Financial Information

ISA Group was incorporated on 4 November 2011 and, accordingly, has no significant operating history. Historical and proforma financial reports are available at Section 8. No forecasts of financial performance are provided.

ISA Group has no debt at this time.

Construction and commissioning cost of the VWT facility is expected to be \$9.8 million (see Section 2.3).

Expected Key Drivers of financial performance

Operations of the facility are planned to commence no later than late January 2014 and are described at Section 4.1. The facility will operate on a capacity basis, with ISA Group seeking to maximise the utilisation (of capacity) and average hourly rate (price). The nature of the facility is expected to result in most costs being variable to revenue with relatively lower fixed cash outlays. The use of variable speed electric motors with fixed blade fans, and other proprietary SkyVenture technology, results in an expectation of exceptionally low maintenance and repair requirements for the core VWT.



ISA Group has identified a market opportunity within Australia to provide a first of its kind facility for training and entertainment in the skydiving and adventure sports industries.

Capacity – The proposed facility is technically capable of operating 24 hours a day, 365 days a year, however it is approved to operate 15 hours per day at time of opening and will close for at least one day per year (Christmas). This results in approved capacity of 4,732 hours per year. ISA Group reasonably expects that this limit will be increased to match the operations of the neighbouring Penrith Panthers club once the facility is operating and has allayed concerns of noise and disturbance. ISA Group is targeting operations of up to 18 hours per day (subject to obtaining relevant approvals) to provide a total capacity of 6,552 hours of operation per year.

Pricing – The facility can cater for 36 flight experiences (2 x 50 second flights, see Section 4.1) per hour with a burst capability of 72 flights per hour. Effective revenue from these sales may vary due to seasonality, discounting and sales commissions to be between \$80–150 per sale (exclusive of GST). Bulk sales of time to professional, military and enthusiast customers may vary between \$1,100–\$1,600 per hour (exclusive of GST).

No forecasts of capacity utilisation or average hourly price point are provided.

1.4 Summary of Key Risk Factors

An investment in ISA Group is subject to general and specific risks which may affect the value of its Shares and the financial performance, financial position, cash flows, dividends, growth prospects and Share price of ISA Group.

Many of these risks are outside the control of ISA Group and the Directors. ISA Group is dependent on the general conditions and outlook of the Australian economy and could be impacted by unforeseen once-off events (such as terrorism or an outbreak of disease).

A summary of various risk factors potential investors should be aware of is provided in Section 1.4 and Section 7. Before deciding to apply for Shares, prospective Applicants should read the entire Prospectus and, in particular, should consider the assumptions underlying the prospective financial information and the risk factors that could affect the future financial performance of ISA Group.

In particular, potential investors must recognise that any large scale construction project and operation of a business which is new to Australia will be subject to risks associated with funding, construction and ultimately operation. Various risks associated with the financing, regulation, construction, operation and future expansion of the VWT facility have been considered by ISA Group and steps have been taken to mitigate or reduce the probability and/or severity of these risks, but ISA Group cannot eliminate all risks.


Financing risk – The construction of a multi-story building, the purchase of foreign sourced specialist VWT equipment, and the marketing and preparation for operation of a facility unique to Australia requires

considerable financing. For details of the use of proceeds of this Offer see Section 2.3. ISA Group has considered funding options and considers a public offer as described in this Prospectus to be appropriate due to the current financial and banking markets and plans for future expansion. If insufficient funds are subscribed under this Offer then the project may not proceed and funds subscribed under this Offer will be returned in accordance with Section 1.7 and Section 2.8. ISA Group notes that for future expansion as identified at Section 4.7, it considers the use of debt to be a preferred method to enhance return on shareholders' equity, however this will be subject to operating risk and market conditions at that time.

Regulatory risk – To construct and operate any large entertainment facility requires various approvals and permits as well as compliance with various legal, taxation and other requirements. These may include planning and development approvals, import approvals, duties and taxes, permits for operating times and other local, state and federal government regulations and laws. ISA Group management has already acquired all approvals, permits and licences currently required to initiate development of the facility in Penrith. Operating approvals are subject to specific hours of operation which ISA Group anticipates having extended once the facility is operational. ISA Group must continue to comply with all requirements to construct and operate the facility.

Construction risk – The facility is housed in a substantial building with extensive ground works and other works required to incorporate the foreign sourced VWT system. As with any such construction, there are various factors within and outside the ISA Group's control which may delay construction or place at risk the final commissioning and ultimate revenue generating operations. To minimise risks associated with project management and supply that may impact construction, ISA Group has contracted with suppliers and advisors who it believes have a demonstrated background of successful completion of similar projects. Examples of factors outside the control of ISA Group and its suppliers may include, but are not limited to, adverse weather events, industrial action, seismic activity, acts of terrorism or war. Examples of factors within the control of ISA Group and its suppliers may include but are not limited to equipment failures and breakdowns, delays to supply of materials, geological variation to surveys and human resource availability.

Operating (revenue) risk – The ability of ISA Group to generate profits, positive cash flow and to provide for dividends and potentially raise debt funding, relies on the ability to derive revenue from operating the initial VWT facility at Penrith. Revenue is ultimately derived from the sale of capacity (time) within the VWT at a price. ISA Group has reviewed operations in other international VWTs and intends to engage in internationally proven approaches to generate pre-opening bookings and continued VWT time bookings targeted at the markets identified in Sections 1.2 and 4.4. While ISA Group intends to use

A woman wearing a pink jumpsuit with black stripes on the sleeves and legs, a black helmet with 'iFLY' and 'UNDER AIR' written on it, and blue goggles is floating horizontally in a wind tunnel simulator. She is smiling and has her arms and legs spread out. The background shows the interior of the simulator with various lights and equipment.

ISA Group is well placed to gain a strategic advantage in establishing the market leading skydiving simulation capability to service the professional, enthusiast and adventure customer bases.

internationally successful methods for generating VWT utilisation and maintain price points, past effectiveness of such marketing and advertising campaign methods cannot guarantee future success. ISA Group continues to review marketing, advertising and potential contract opportunities to enhance future tunnel capacity utilisation and value.

Competition risk – It should be noted that there are several international suppliers of VWT technologies and as such no mechanism to exclusively gain access to a particular territory can be secured. Barriers to entry exist in the form of local regulatory approvals which may take an extended period to gain. As at the time of this Offer, ISA Group is not aware of any competitor which has already gained all requisite approvals to construct a VWT in Australia. This provides a significant advantage to ISA Group in terms of time to market and being able to demonstrate to other regulatory authorities compliance of its VWT and operations. There can be no guarantee that this advantage will be maintained in the future.

Future expansion risk – The future is uncertain. The ability to grow revenue is limited to the ultimate capacity of the VWTs operated by ISA Group or its subsidiaries. As such, the ability to grow revenue once capacity is effectively fully utilised hinges upon the ability to construct and operate further tunnels, and thus add to total capacity. ISA Group considers the use of its existing supplier's (SkyVenture) VWTs to offer flexibility in size of tunnels and synergies in operations. In its licence agreement with SkyVenture, the parties anticipate that they may engage together in the future to enter into further licence agreements for further territories (Refer to Section 9.4 (a)). As identified above, funding for future expansion will be subject to the market and operating conditions at that time.

The risks above are only indicative of the risks that should be considered before investing in ISA Group. A further summary of various risk factors potential investors should be aware of is provided in Section 7.

1.5 Summary of the Offer

The Offer comprises the issue of Shares by ISA Group. This Prospectus invites Applicants to apply for a total of up to 60,000,000 Shares in ISA Group at a price of \$0.20 per Share to raise an amount of \$12 million, which will represent approximately 68% of the issued capital of ISA Group.

1.6 Dividend Policy

ISA Group does not intend to declare a dividend for the year ending 30 June 2013. The Directors will establish a dividend policy applicable for each subsequent financial year. The Directors may review this dividend policy from time to time and, subject to prevailing circumstances, may change its terms.

No guarantee can be given about the payment of dividends, the level of franking or imputation of such dividends for any period as these matters will depend on the future profits of ISA Group, the level of its net assets and its financial and taxation position at the time.

1.7 Minimum Raising

This Offer is not underwritten. The minimum amount to be raised pursuant to this Prospectus is \$12 million representing 60,000,000 Shares in ISA Group. No Shares will be issued under this Prospectus unless the Minimum Subscription Amount is raised.

1.8 Rights attaching to Shares

The rights attaching to Shares are:

- set out in the Constitution (which may be examined from 9.00am to 5.00pm (AEST) during Business Days at the registered office of ISA Group and which is summarised in Section 9.3 of this Prospectus); and
- in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules and the general law.

All of the Shares offered under this Prospectus will rank equally with Shares already on issue in ISA Group.

1.9 ISA Group Founders Club

Subscribers to the Offer may also be invited to join the Indoor Skydive Australia Group Founders Club subject to various terms and conditions. The level of membership offered for the Founders Club is subject to the final allocation of Shares in the Offer. The overview of the Founders Club below should be read together with the full terms and conditions (available at www.indoorskydiveaustralia.com.au, also refer to summary in Section 9.4 (f) of this Prospectus).

(a) SILVER — \$5,000 (25,000 shares)

Benefits include:

- Founders Club Pack (Silver status)
- 5% Discount on all hourly tunnel time purchased.
- Priority access to training rooms and club lounge.
- **Invitations to Founders events.**
- Founder newsletters

(b) GOLD — \$10,000 (50,000 shares)

In addition to all the benefits of Silver, you will receive exclusive benefits such as:

- Founders Club pack (Gold status)
- 10% Discount (rather than 5%) on all hourly tunnel time purchased.
- **Exclusive discounts on merchandise and memorabilia.**

(c) PLATINUM — \$50,000 (250,000 shares)

In addition to all the benefits of Gold, you will receive exclusive benefits such as:

- Founders Club pack (Platinum status).
- 20% Discount (rather than 10%) on all hourly tunnel time purchased.
- **Exclusive site tour – survey the premises of our new site in Penrith.**

2. OFFER DETAILS

2.1 Description of the Offer

By this Prospectus, ISA Group invites investors to subscribe for a total of up to 60,000,000 Shares in ISA Group. If fully subscribed, the Shares offered under this Prospectus will represent approximately 68% of ISA Group's issued Shares on the Listing Date. The maximum gross proceeds raised by the Offer will be \$12 million, based on the Offer price of \$0.20 per Share. The Offer is not underwritten. The minimum amount to be raised under the Offer is \$12 million representing 60,000,000 Shares in ISA Group.

2.2 Purpose of the Offer

The purpose of the Offer is to:

- purchase the Equipment and otherwise fund the establishment costs associated with the proposed VWT in Penrith;
- provide access to the public equity capital markets to pursue future growth opportunities and improve capital management flexibility;
- achieve listing on the ASX to broaden the Shareholder base; and
- provide for working capital for ISA Group.

2.3 Use of Proceeds

It is intended that the funds raised from the Offer will be applied as follows:

Assuming \$12 million raised

Cash payment for the Equipment and other establishment costs associated with the proposed VWT in Penrith	\$9,500,000
Payment of the Offer costs	\$400,000
Available cash for working capital	\$2,100,000
Total Proceeds from the Offer	\$12,000,000

Notes:

The above table is a statement of current intentions as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

Following completion of the Offer, the Directors believe ISA Group will have sufficient working capital to carry out ISA Group's stated objectives. If less than the maximum of \$12 million is raised then no Shares will be issued under this Prospectus.

2.4 Pro-forma Capital Structure

The table below sets out the pro-forma capital structure of ISA Group as at admission to the Official List of the ASX:

Assuming \$12 million is raised:

Shareholder	Number	%
Shares currently on issue to Existing Shareholders	28,333,333	32%
IPO - Shares held by new investors (assuming the Offer is fully subscribed)	60,000,000	68%
Total issued Shares	88,333,333	100%

A proportion of the Shares held by Existing Shareholders will be escrowed for periods of up to 2 years.

As shown in the table above, a total of 88,333,333 Shares will be on issue in ISA Group at the date of admission to the Official List of the ASX assuming the Offer is fully subscribed.

2.5 Restricted Securities

Securities on issue as at the date of this Prospectus and as at the Listing Date may be subject to the restricted securities provisions of the ASX Listing Rules. Accordingly, a proportion of such securities may be required to be held in escrow for up to 24 months and may not be transferred, assigned or otherwise disposed of during that period. These agreements will be entered into in accordance with the ASX Listing Rules.

In general, securities issued to promoters and related parties are escrowed for 24 months from the Listing Date. A portion of securities issued to seed investors and vendors are generally escrowed for 12 months from the date of the issue of securities. The final number of escrowed securities will be determined by the ASX.

2.6 Offer Pricing

The Offer price is \$0.20 per Share.

2.7 Application Forms

An application for Shares in the Offer can be made only by completing an the Application Form as attached to or accompanying this Prospectus including the electronic form provided by the online Application facility. Detailed instructions on the correct method of completing this Application Form are included at the end of this Prospectus.

Completed Application Forms must be accompanied by payment of the Application monies, in Australian Dollars.

The minimum Application under this Offer is for 10,000 Shares (requiring Application monies of \$2,000) and thereafter in multiples of 500 Shares.

How to Apply

Applications for Shares under the Offer can be made in the following ways:

Paper Form (chq)

- (a) Complete the Application Form attached to or accompanying this Prospectus in accordance with the instructions on the Application Form and forward the complete Application Form and accompanying cheque at any time after the Opening Date so that it is received by Boardroom Pty Limited no later than 5.00pm (AEDT) on the Closing Date via post or delivery at:

Post to:

Indoor Skydive Australia Group Limited
C/- Boardroom Pty Ltd
Level 7, 207 Kent Street
Sydney NSW 2000

OR Deliver to:

Indoor Skydive Australia Group Limited
C/- Boardroom Pty Ltd
Level 7, 207 Kent Street
Sydney NSW 2000

Payments by cheque will be deemed to be made when the cheque is honoured by the bank on which it is drawn. Applicants are advised to lodge their Applications as early as possible after the Offer opens. All cheques must be made payable to "Indoor Skydive Australia Group Float Account" and crossed "Not Negotiable".

Online (Bpay®)

- (b) Alternatively, you may submit your Application Form electronically via www.boardroomlimited.com.au/ISAGroupOffer and submit your Application monies using BPAY®. To submit an online Application Form and pay by BPAY® follow the instruction on the Application Form.

The Deadline for acceptances is 5.00pm (AEDT) on the Closing Date.

ISA Group reserves the right to close the Offer early. ISA Group reserves the right to extend the Offer period.

ISA Group reserve the right not to proceed with the Offer at any time before the allocation of Shares to successful Applicants under the Offer. If the Offer does not proceed, Application monies will be refunded in full (without interest). The Offer will not proceed if the Minimum Subscription Amount is not achieved.

2.8 Acceptance of Applications

ISA Group may accept or reject any Application, or accept an Application in respect of a number of Shares less than the number for which the Applicant applies. Acceptance of an Application by ISA Group creates a legally binding contract between the Applicant and ISA Group for the number of Shares for which the Application is accepted. Acceptance takes place only on allotment and issue of Shares.

Where an Application is rejected, the Application monies will be returned in full. If the number of Shares allotted to the Applicant is fewer than the number for which the Applicant applied, the surplus Application monies will be returned. Interest will not be paid on the returned Application monies.

ISA Group will issue the Shares that are the subject of successful Applications as soon as possible after the Closing Date and the grant of ASX permission for ISA Group to be admitted to the ASX's Official List and have its Shares listed on the ASX unconditionally or on conditions acceptable to the Directors.

Pending the issue by ISA Group of the Shares the subject of the Offer, ISA Group will deposit Application monies in a separate trust bank account and retain them there for so long as those Applications, or any part of them, are liable to be repaid in accordance with the Corporations Act or this Prospectus.

2.9 Allocation Policy

The Board has the absolute discretion regarding the basis for allocation of Shares, and there is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which it has applied. As a general principle, Applications will be processed on a first come first served basis.

2.10 ASX Listing

ISA Group will make an application to the ASX within 7 days after the date of this Prospectus for ISA Group to be admitted to the Official List of the ASX and for the official quotation of all Shares (other than the Shares classified as restricted securities by the ASX).

The fact that ASX may admit ISA Group to the Official List is not to be taken as an indication of the merits of ISA Group or the Shares. The ASX, its officers and employees take no responsibility for the contents of this Prospectus.

If granted, quotation of the Shares will commence as soon as is practicable after the issue of statements of holdings to Shareholders.

If permission for official quotation of the Shares is not granted or deemed granted within 3 months after the date of this Prospectus, none of the Shares offered by this Prospectus will be issued unless an exemption is granted by the ASIC permitting such issue. If no issue is made, all Application monies will be returned within the time prescribed by the Corporations Act. Interest will not be paid on any Application monies refunded.

2.11 Clearing House Electronic Subregister System (CHES)

ISA Group will apply to participate in the Clearing House Electronic Sub-register System, known as CHES, operated by ASX Settlement (a wholly owned subsidiary of the ASX), in accordance with the ASX Listing Rules and ASX Settlement Operating Rules. On admission to CHES, ISA Group will operate an electronic issuer-sponsored sub-register and an electronic CHES sub-register. The two sub-registers together will make up ISA Group's principal register of securities.

Under CHESS, ISA Group will not issue share certificates to successful Applicants following allotment, ISA Group will provide each shareholder whose address is in Australia with a holding statement (similar to a bank account statement) which sets out the number of Shares allotted to the shareholder under this Prospectus. If applicable, the holding statement will also advise shareholders of their Holder Identification Number (“**HIN**”) and Sponsoring Issuer Number (“**SRN**”). If a shareholding changes during a month, the shareholder will receive a statement at the end of that month. Shareholders may also request statements at any other time (although ISA Group may charge an administration fee).

It is the responsibility of Applicants to determine their allocation prior to the trading of the Shares. Applicants who sell Shares before they receive notice of their allocation do so at their own risk.

2.12 Non-resident Investors

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. It is the responsibility of investors to obtain all necessary approvals in the jurisdiction in which they reside for the subscription for Shares under this Prospectus. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make an offer. This Prospectus has only been filed with ASIC, and has not been filed with any other securities regulatory authority outside Australia. The Shares will only be listed for trading on the ASX in Australia.

2.13 Minimum and Maximum Subscription

The minimum and maximum subscription to the Offer pursuant to this Prospectus is 60,000,000 Shares at an issue price of \$0.20 per Share to raise \$12,000,000 before expenses of the Offer. ISA Group will not accept oversubscriptions. If the Minimum Subscription Amount is not raised within 3 months after the date of this Prospectus ISA Group will refund all Application monies by a date which is no later than 4 months after the date of the Prospectus. Interest will not be paid on any Application monies refunded.

2.14 Opening and Closing Dates

The Offer will open on 12 November 2012 or such later date as may be prescribed by ASIC, and will remain open until 5.00pm (AEST) on 5 December 2012, subject to the right of ISA Group to either close the Offer at an earlier time and date, or extend the Closing Date without prior notice. Applicants are encouraged to submit their Applications as early as possible.

No Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

2.15 Taxation Generally

The Australian taxation consequences of any investment in Shares will depend upon the investor's particular circumstances. It is an obligation of potential investors to make their own enquiries concerning the taxation consequences of an investment in ISA Group. If you are in doubt as to the course you should follow, you should consult your stockbroker, lawyer, accountant or other professional adviser.

To the maximum extent permitted by law, ISA Group, its officers and each of their respective advisors accept no liability or responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

2.16 Risk Factors

Prospective investors in ISA Group should be aware that subscribing for Shares the subject of this Prospectus involves a number of risks. These risks are set out in section 1.4 and section 7 of this Prospectus and investors are urged to consider those risks carefully (and, if necessary, consult their professional adviser) before deciding whether to invest in ISA Group. The risk factors set out in section 1.4 and section 7 of this Prospectus, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Shares. Accordingly, an investment in ISA Group should be considered speculative.

2.17 Privacy Disclosure

ISA Group will collect information in relation to each Applicant as provided on the Application Form (“**Information**”) for the purposes of processing the Application Form and, should the Application be successful, to administer the Applicant's security holding in the Company (“**Purposes**”).

ISA Group may use the Information for the Purposes and ISA Group may disclose the Information for the Purposes to the Share Registry, ISA Group's related bodies corporate, agents, contractors and third party service providers, and to the ASX, ASIC and other regulatory authorities.

The Information may also be used and disclosed to persons inspecting the register, including bidders for Applicants' securities in the context of takeovers, licensed securities dealers, mail houses and regulatory bodies including the Australian Taxation Office.

2.18 Enquiries

This Prospectus provides information for potential investors in ISA Group and it should be read in its entirety. If, after reading this Prospectus, an investor has any questions about any aspect of an investment in ISA Group, they should contact their stockbroker, accountant or independent financial adviser.

3. INDUSTRY OVERVIEW

International organisations recommend the use of VWT for simulating training to prepare beginners for full licencing to undertake individual skydiving.

3.1 Industry Overview

The global Indoor VWT industry comprises at least 5 providers, with SkyVenture tunnels representing at least 75% of those currently operating. There are at least 30 wind tunnels operating around the world with at least 4 being of the large class (over 16 feet) used for training simulation by professional, competition and enthusiast skydivers and teams of up to 8 people flying simultaneously.

VWT infrastructure is complementary to skydiving as it provides virtual or simulated training in a controlled environment that is not subject to weather and other factors.

Based on the Australian experience, each professional military freefall operator requires initial and ongoing training. This is achieved by conducting descents from an aircraft and/or VWT training currently undertaken outside Australia. VWTs present opportunities for cost savings, value for money and increased flexibility in training.

Skydivers and teams comprising up to 8 persons require extensive practice and training to remain internationally competitive. Competitive teams may train up to 50 hours per year. Senior VWT coaches require in excess of 800 hours training.

There are currently no large class indoor skydiving facilities in Australia servicing the local market or international professional and tourist industries.

Professional and Enthusiast Users

Skydiving

The sport of skydiving or parachuting is a self-administered international sport. National parachuting organisations are usually associated with the International Air Sports Federation (“FAI”) and are accredited to issue FAI Parachutist Certificates and FAI Sporting Licences which are recognised by all member organisations. Parachutists who participate in tandem skydives as students do not require a licence.

There are many types of activities within the sport of skydiving which attract participants and also require different levels of training and practice. Participants join for reasons that include:

- for fun, jumping with friends, organising formation skydives,
- freely, formation skydiving, canopy formation or freestyle,
- domestic and international competition.

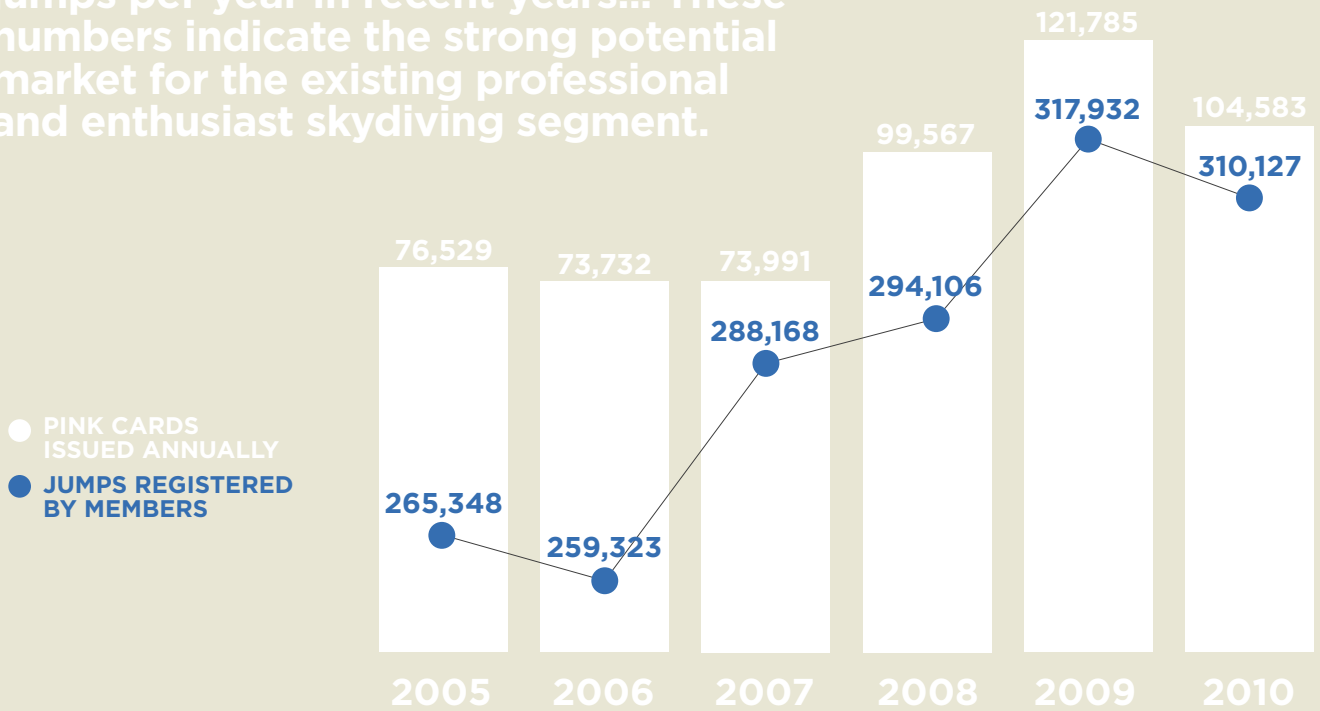
The Australian Parachute Federation (“APF”) is the key Australian body for skydivers and in 2010 issued in excess of 100,000 member registrations, of which over 3,500 held or were studying to hold FAI accredited licences. Australia-wide, registered skydivers have made in excess of 310,000 jumps per year in recent years. While this number saw a slight decline in 2010 compared to 2009, the skydiving industry continued to see strong activity over the last decade. These numbers indicate the strong potential market for the existing professional and enthusiast skydiving segment.

International organisations recommend the use of VWT for simulating training to prepare beginners for full licencing to undertake individual skydiving. Use of VWT by beginners assists with learning and practicing basic body positions in a simulated environment before being tested in freefall. The use of simulated training improves the chances of successful completion of licence testing and reduces the potential time and cost of re-attempting failed tests.

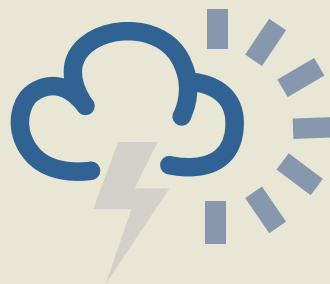
When an individual makes their first jump, this is usually completed as a tandem jump, and the jumper receives their “pink card” allowing them to make jumps for 3 months. Currently, in excess of 100,000 pink cards are issued annually in Australia, indicating strong activity and growth in the number of people trying skydiving for the first time.

ISA Group believes that a VWT located in Penrith, Australia, will provide opportunity for potential skydivers to simulate freefall in a safe and fun environment, as well as provide training for new skydivers, which should ultimately provide any easy entrance into the sport in Australia for the mutual benefit of both organisations membership and activity bases.

Australia-wide, registered skydivers have made in excess of 310,000 jumps per year in recent years... These numbers indicate the strong potential market for the existing professional and enthusiast skydiving segment.



24/7¹



ALL WEATHER



8 PEOPLE FLYING SIMULTANEOUSLY²

VWT infrastructure is complimentary to skydiving as it provides virtual or simulated training in a controlled environment that is not subject to weather and other factors.

1. The Vertical Wind Tunnel is built and capable to run 24 hours a day 7 days a week and 365 days a year but is approved to operate 15 hours per day.
 2. The facility can cater for 36 flight experiences (2 x 50 second flights, see section 4.1) per hour with a burst capability of 72 flights per hour.

Indoor Skydiving

With the growing international interest in VWTs, various sports have been introduced which have provided incentives for flyers to return to tunnels for training and competition. The International Bodyflight Association (“**IBA**”) is the peak body with the primary goal of promoting safety at SkyVenture facilities worldwide. This provides a market for dedicated indoor skydiving enthusiasts to enhance their skills through the IBA Flyer Rating and training system as well as compete in internationally recognised sporting events.

The IBA Flyer Rating provides a structured system of recognition of flyer experience and training from beginner (“**Flyer**”) to highly advanced (“**Flyer Pro**”). A beginner must have completed specific technical challenges and have flown for greater than 2 minutes within a VWT to advance, and to reach Flyer Pro will have spent over 50 hours in a VWT, with an examiner level requiring over 1200 hours.

Competitions mirror many of the disciplines within regular skydiving. This has led to a vibrant international community of VWT users who extensively use their local facilities and also travel to other countries for training and competition.

Military

The Australian Defence Force (“**ADF**”) currently employs over 57,000 permanent personnel and over 21,000 reserves. The Department of Defence, through which the ADF operates, has an annual cash budget of approximately \$24.2bn, with almost \$10bn allocated to the provision of equipment and sustainment of the ADF.

Within the ADF, there are approximately 800 positions specifically requiring high levels of continued parachute and/or freefall training, in addition to other personnel who may require maintenance of existing skills or training for new skills, with 12 basic parachute training courses run per year. The training facility for ADF skydiving is based at Nowra, New South Wales, which trains up to 740 students each year and is staffed by up to 70 personnel.

In May 2011 the ADF issued its “Defence Simulation Strategy and Roadmap”. In the foreword, the ADF acknowledged the growth and importance of simulation within the Department of Defence. This report also noted the 2009 Defence White Paper and Defence Capability Plan which recognised that an increased use of simulation contributed to defence capability. The importance placed on simulation by the ADF has seen the introduction of the Australian Defence Simulation Office (“**ADSO**”) to coordinate the policy and guidelines for purchase and use of simulation by the department.

Within the ADF, there are approximately 800 positions specifically requiring high levels of continued parachute and freefall training

In those documents, the ADF see benefits in simulation that:

- enhances capabilities,
- saves resources, and
- reduces risk.

The ADF also identifies the application of simulation in Defence across various capability life cycle areas:

- Research and development.
- Capability development, including concept evaluation, operational testing and evaluation (OT&E) and military experimentation.
- Simulation support to decision making for routine business, including life cycle management and logistics and supply chain simulation.
- Acquisition.
- Preparedness simulation for forecasting and options analysis.
- Individual and collective training in combat and non-combat roles.
- Mission rehearsal.
- Support to operational planning, execution and other high consequence planning.

ISA Group intends to position itself as a leading provider of simulated skydiving training, leveraging the strengths and relationships of the Chairman and Executive Directors with the ADF operational units and senior personnel. ISA Group also seeks to engage with the ADF in developing simulator procedures and processes to aid in research and development, capability development, mission equipment acquisition decisions in addition to training, preparedness and mission rehearsal.

ISA Group believes that similar opportunities exist with militaries within the region and with alliance partners with existing simulation training regimes, such as the United States special forces. ISA Group also proposes to position itself to partner with internationally recognised parachute training providers to allied foreign military organisations, who already extensively use VWT simulation in their training programs.

4. BUSINESS OVERVIEW

4.1 Overview of Business

ISA Group proposes to construct and operate the only large scale professional indoor skydiving facility in Australia. This facility will be the first of its kind in Australia. The facility will be constructed with assistance and technology licencing of the world's leading VWT manufacturer, SkyVenture. ISA Group will leverage an internationally recognised brand and SkyVenture's well-established experience with these facilities.

Initial construction of the facility is planned to commence from December 2012 and is due for completion by late January 2014. After completion, commercial operations of the business will begin with customers able to enjoy the flight experience.

Prior to construction completion, and subsequent to full operations, ISA Group will focus on a heavy marketing campaign to achieve bookings and maximise capacity from its wide target market segments.

Skydiving

Skydiving is a popular pastime and an important element of military and some emergency services operations globally. In Australia alone there are over 100,000 registered skydivers who have annually made in excess of 310,000 parachute jumps in recent years. The Australian Army Special Forces and parachute regiments have over 800 trained personnel and conduct regular training. International competition and opportunities to train also result in Australian skydivers traveling overseas and foreign competitors and military visiting Australia on a regular basis.

There is also a significant demand by adventure seekers and those who wish to experience skydiving before joining the sport. This demand is currently met by tandem skydives where the participant is harnessed to a highly experienced skydiver, or using vertical wind tunnels.

Vertical Wind Tunnels

VWTs enable human beings to fly in air without planes or parachutes, through the force of wind being generated vertically. In the wind tunnel, wind moves upwards at approximately 195 km/h (55 m/s) on average and is varied to equal the terminal velocity of the human body belly-downwards. This allows the person to float in the air and, compared with all other simulation techniques, VWT replicate most closely the experience of actual skydiving.

VWTs have been established around the world to provide training facilities for professional skydivers, military personnel and thrill-seekers and are recognised as an ideal training tool allowing for:

- Extended "free-fall" training time;
- A fraction of the cost of a skydive (in terms of dollars, time spent and carbon footprint);
- Availability up to 24 hours a day, 365 days a year;
- Use in all weather conditions;
- Easy and less threatening starting point for people to try skydiving.

SkyVenture

The technology associated with VWTs has been under development over several decades to the point where indoor tunnels are safe, easy to operate, simple to use and attract significant repeat patronage. ISA Group has engaged with the world's leader in this technology, SkyVenture, who with over 75% of the global market is the most recognized VWT brand in the industry. SkyVenture designs operates and licences vertical wind tunnels globally.

Due in part to the use of recirculating wind techniques, along with other complementary technologies, SkyVenture's recirculating wind tunnels are the most efficient and greenest wind tunnels in the world, using far less power than other wind tunnels.

SkyVenture wind tunnels are arguably the safest in the world due to their aerodynamically efficient and stable design that yields wall-to-wall airflow in the flight section of the tunnel. This very important design feature makes it impossible to fall off the air column or get tangled in the net.

The SkyVenture wind tunnel technology was selected by ISA Group for its reputation for providing the most aerodynamically stable, robust, high efficiency, low-maintenance vertical wind tunnels in the world.

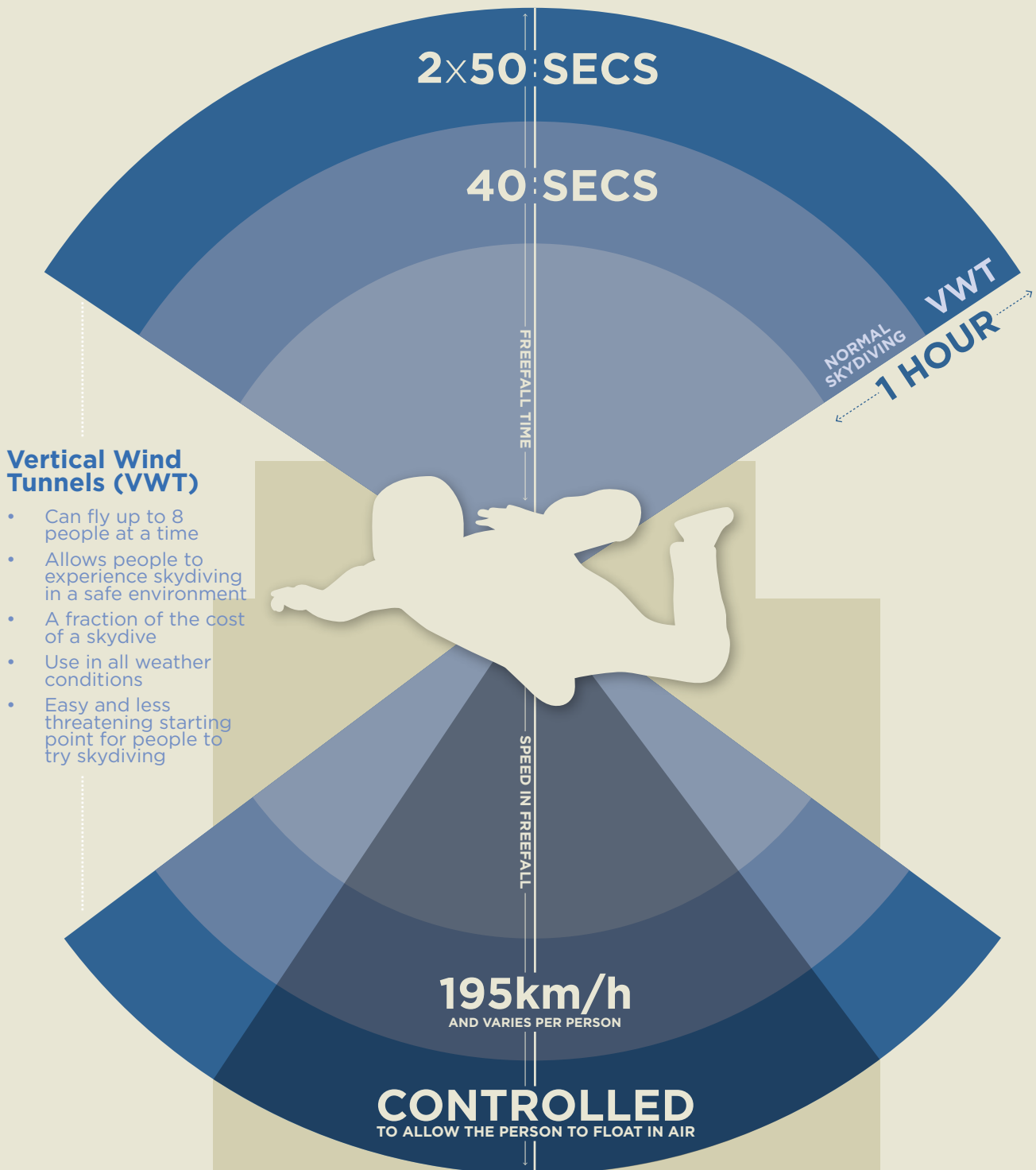
iFly Downunder

iFly is a world leading brand and trade mark of SkyVenture. With iFly, the VWT operator taps into a global brand with established operating procedures and extensive experience.

In its purchase and licence agreement with SkyVenture, ISA Group has established the right to use "iFly Downunder" for the Penrith VWT. This is a significant link to an internationally recognised brand which enhances the ability to attract customers and staff who are familiar with the operations and iFly experience.

In Australia alone there are over 100,000 registered skydivers who have annually made in excess of 310,000 parachute jumps in recent years.

THE FREEFALL EXPERIENCE



The facility is designed to operate 24 hours a day, 364 days a year. Current approvals permit 15 hours a day operation.

Location

The VWT is to be constructed in Penrith, New South Wales, at a redeveloped entertainment, leisure and lifestyle precinct, which includes the Penrith Panthers club, hotel accommodation, conferencing, exhibition, events, shopping and entertainment facilities.

Penrith is strategically located near Richmond Airbase – the largest military airbase in Australia and gateway for Australian and foreign military visitors, and within 50km of Holsworthy Army Base.

The City of Penrith and the 10 surrounding local government areas have a combined population of 1.7 million people.

Penrith Panthers club has approximately 140,000 members state-wide and currently offers a range of onsite activities, including cable skiing and wake boarding, golf, aqua golf, an amusement arcade and access to nearby white water rafting, bushwalking, canoeing and paintball.

ISA Group's Penrith facility will be the first release of a major \$850m re-development of the Penrith Panthers leisure precinct.

Facilities

The fully approved proposed indoor skydiving development plan will see the facility constructed as a 3-story building. The VWT is inside this building, which will be located close to the main entrance to Penrith Panthers, leveraging exposure and walk through business from club patrons. The interior has been optimised for patron flow through for the indoor skydiving experience, visitor viewing of the tunnel participants and merchandising sales.

The facility consists of 2 main levels and 3 service levels with a building footprint of 655m² and an overall area of 2160m² inclusive of all plant areas.

Main levels include;

- Ground floor level – providing main entry, function area, staff rooms, toilets & change rooms and plant & service areas.
- First floor level – providing the main operational area including ticketing, training rooms, food & drink outlets, observation area, photo kiosk, toilets & change rooms, waiting areas and office. Entrance to the VWT chamber is from this level.

Service Levels include;

- Basement level – accommodating plant and equipment.
- Roof level 1 – accommodating hydraulic & mechanical equipment.
- Plant level 1 – accommodating fans.

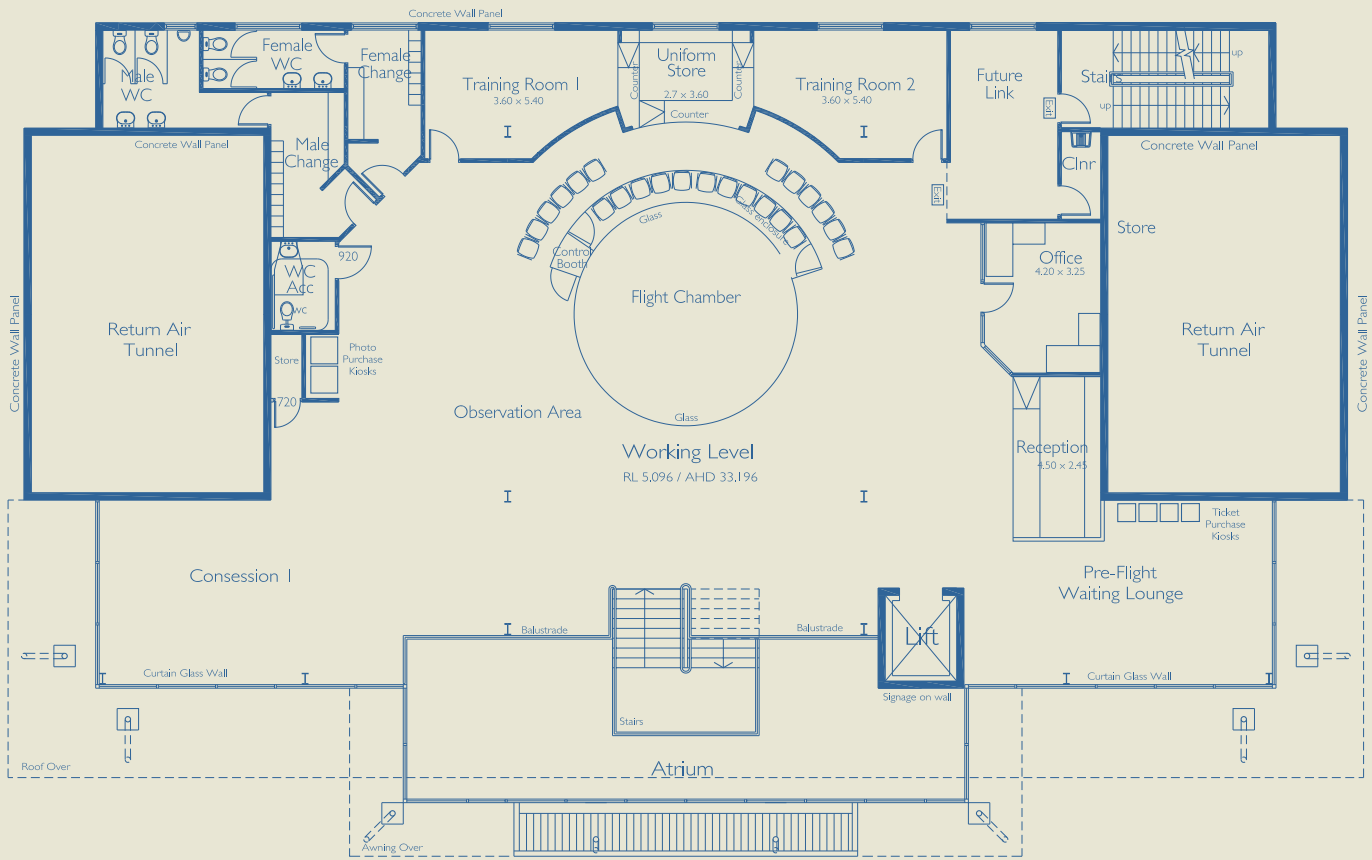
The building entrance will be 80 metres from the Penrith Panthers entrance, 6 metres from the recently opened coffee shop, and across from the main parking area providing for up to 900 car parking spaces. Future development plans by Penrith Panthers locate the indoor skydiving development directly between these facilities and a proposed staged development of a 240 bedroom 4 star hotel to be constructed over future years.

Considerable effort has gone into the interior design of the facility to optimise the customer experience and maximise traffic flow. The design of the facility has been finalised after extensive consultation with international VWT constructors and operators, including site visits to similar facilities around the world.

Within the indoor skydiving facility, the VWT will be only part of the floorspace with approximately 94m² of space for group preparation, 175m² for viewing, 25m² for administration and services, a 16m² sales area and 150m² over two levels for sub-letting for concession, food and beverage services.

At peak operation, at any one time, the facility is capable of handling 2 groups of up to 36 customers in the preparation area and tunnel, as well as visitors and spectators in the viewing, sales and concession areas. While the tunnel technology permits 24 hour, 7 days a week, 52 weeks per year operation with immaterial maintenance down time, permits for operation currently restrict usage to only 15 hours per day.

PROPOSED FACILITIES



BUILDING FOOTPRINT OF:

655 m²

OVERALL AREA OF:

2160 m²*

*Inclusive of all plant areas

4.2 Core Operations

Construction

The building utilises a combination of both in-situ and precast concrete, together with structural and light weight steel framing to provide a design that affords both time and cost efficient construction.

While the basic design of the building is heavily dictated by the specific operational requirements of the VWT system, the use of a diverse array of cladding types (including concrete, steel and glass) has enabled the facility to take on a unique identity.

The interior is generally made of plasterboard, with feature elements introduced at key meeting points so as to make them readily identifiable. The main interface between public areas and the active areas within the building will be glass walls allowing good surveillance of the public domain and increased opportunities for viewing.

Appropriate amounts of lighting, landscaping and signage will ensure that patrons are guided through the facility in an efficient manner while safety and security within the public domain is maximized.

The SkyVenture supplied 16.4 ft sixth generation VWT uses 4 x 450hp electric motors driving fixed position bladed fans. The chosen VWT includes patented active cooling for climate control even in some of the hottest places on earth, a state-of-the-art intuitive control system and allows for flight groups to be exchanged while the tunnel is still running.

SkyVenture sixth generation VWTs are focused on delivering the most spectacular entertainment experience available and are made from some of the largest curved, tempered laminated glass ever cast. This removes the need for extensive steel structures to provide for an enhanced flight simulation in an attractive and safe environment. This tunnel will contain a flight chamber five metres in diameter and 13 metres tall. The tunnel components are a product of the SkyVenture facility in Austin, Texas USA and shipped to Australia.

Operations

The facility is designed to operate 24 hours a day, 364 days a year. Current approvals permit 15 hours a day operation.

The design of the VWT entry and exit points allows for continuous operations of the tunnel while participants move into and out of the airflow for optimum time utilisation.

Use of variable frequency drive units for the tunnel fans allows great flexibility in tuning the flight experience for participants. They also provide for very quiet and efficient running as well as ease and speed of shutting down and restarting the tunnel airstream.

ISA Group has entered into an Agreement to Sublease for 4 consecutive subleases totalling 20 years with Penrith Panthers (Refer to section 9.4(c)). The site is in a prime location.

After review of various operations around the world, ISA Group has chosen a proven support and licence model with the world's leading VWT brand, SkyVenture.

The purchase and licence agreement with rights to use the iFly brand provided by SkyVenture has been successfully used in over 9 countries from North and South America to Europe, the Middle East and Asia. SkyVenture is currently the largest licensor of its type in the world, with 24 functioning VWT facilities and 7 under construction. The purchase and licence agreement provides for use of best practice and well established operational processes, monitoring and transaction systems and extensive staff training. In addition to basic operations, the ISA Group VWT will also benefit from a global brand which is recognised as the leader in this type of experience.

SkyVenture is also contracted to provide ongoing technical monitoring and maintenance of the wind tunnel equipment. The monitoring package supplied with this SkyVenture VWT includes vibration and position sensors for the airflow systems supplying data to a control computer. The control computer is linked to SkyVenture via a fixed IP address allowing remote monitoring of activity and systems within the VWT. Any anomaly identified can be actioned for preventative maintenance or warning to the VWT operator to ensure continued and safe operation of the tunnel.

The Customer Experience

A typical sequence of events for a customer using ISA Group's proposed facility is as follows;

- **Arrival** – Book online or at the facility.
- **Check-in** – After arrival, the customer will need to check-in with ISA Group's flight team, register and complete the waiver. The customer may also watch others fly from the observation area.
- **Classroom training** – First the instructor will show the customer a video and provide a briefing on the basic drills. The customer will then learn hand signals that the instructor may use to communicate during flight.
- **Gear up** – Included with the flight are a flight suit, helmet, ear plugs, and goggles. At every step the instructor will be on hand to assist the customer as required.
- **Entering the tunnel** – The customer moves to the pressurised staging area. Each person generally takes two turns flying in the tunnel under the direction of the instructor or other authorised person.
- **Flying in the tunnel** – When it is the customer's turn to move to the door, the instructor will assist the customer into the flight chamber.
- **Post flight** – The customer will hand in the equipment and move to the merchandise counter to potentially purchase photos and T-shirt.

ISA Group currently proposes to construct a portfolio of facilities across Australia and our region in addition to that at Penrith.



4.3 Business model and strategy

Efficient movement of customers through the facilities is important to ensure customer satisfaction and to manage utilization and revenue generation flights. The interior elements of the facility have been designed to ensure the flow of customers and spectators.

Professional flyers will be offered packages for 1 hour blocks which, when compared with the cost of skydiving, will prove to be extremely attractive. Indicative rates for 1 hour of flight time packages will range from \$1,100 to \$1,600 exclusive of GST.

For amateurs and retail customers seeking new experiences or ad hoc usage of the facility, the indicative retail price for a 1 hour flight experience (2 x 50 second flight sessions) in the VWT will be \$80 - \$150, with the facility being able to accommodate 36 flight experiences each hour, with a burst capability to 72 flight experiences per hour. The experience includes training and preparation, general instruction and observing other participants in the VWT.

Discounts may be offered for:

- repeat customers,
- group bookings,
- third party distributors, and
- pre-launch bookings.

Customers and spectators are also able to purchase merchandise, photos and other memorabilia of their indoor skydiving experience.

Advertising — A mix of TV, radio, travel press, online and social media and newspaper placement will comprise the marketing campaign. These will be carried out in prime seasonal purchase periods such as Christmas and Father's Day and support PR placements where appropriate.

4.4 Key customer relationships

Sales Channels

With a variety of customers ranging from professional skydivers requiring advanced simulator training through to thrill seekers and group activities, several sales channels will be used to maximise regular pre-booked flight time as well as ad hoc decisions.

Existing tunnels have experienced a high booking ratio prior to launch, highlighting the importance of marketing of the facility before and after construction. The following strategies are, or will be, in place for marketing the facility and maximise utilisation:

- **Direct engagement** – Through their existing ties with the Australian Army, the Executive Directors have obtained written expressions of interest from various parachuting units within the ADF.
- **Online** – At the heart of the marketing mix will be the web platform. Built in customer relationship management software integration and well proven automated electronic data management platform and social media integration are proposed to be implemented to drive and administer the sales and distribution strategy. Search engine optimisation and search engine management will be implemented to drive the online traffic strategy. White label booking engine and affiliate network will be used to drive the distribution.
- **Gift Vouchering** – As a core element for driving cashflow, gift vouchers will be offered and redeemed via our online booking system. Approx. 20% non redemption industry average is usually achieved via this model, with funds held in escrow until redemption.
- **3rd Party Sales** – The proposed use of online and offline operators will complement and assist in ISA Group's distribution.

ISA Group intends that:

- Redballoon.com.au, adrenalin.com.au, freeman.com.au, giftsthatthrill.com.au and multiple online aggregators may form part of the 3rd party online model, with up to 15% commission cost model built into pricing. Live availability and bookings via an API will be made available to ensure efficiency in cost of acquisition.
- Traditional skydive operators will be offered commissionable rates to package and redeem ISA Group's product, online and offline. With over 20,000 tandems per annum sold in the Sydney area alone, cross product packaging on mid-term contracts (2-3 years) will assist with awareness and distribution.

ISA Group has entered into a lease agreement for 20 years with Penrith Panthers. The site is located near Richmond Airbase, within 50km of Holsworthy Army Base and also 10 surrounding local government areas with a combined population of 1.7 million people.

Public Relations – A long term commitment to raising awareness, beyond launch hype, is critical to continuing growth. Regular positioning releases, media days, promotional events, promotional prizes, national and international articles will form an ongoing activity. Although not seen as a core sales driver, it will complement online and advertising activity in the market.

Sponsorship – Product alignment and sponsorship may help supplement revenue and reduce the cost base. This will take the form of advertising signage and equipment sponsorship.

Advertising – A mix of TV, radio, travel press and newspaper placement will form part of the initial campaign. These will be carried out in prime seasonal purchase periods such as Christmas and Father’s Day and support PR placements where appropriate.

Memberships – Mid to long term strategy is to establish a loyal base of “flyers”. Designed not to only lock in the skydiving market, but also children and teens, local residents and training customers. A simple loyalty scheme designed for repeat purchase and skills progression will be implemented.

Fly Kids – Weekend fly time – Designed to highlight the sport as an alternative to mainstream Saturday sport, this club is designed as a fun way to learn and fly with your friends. This is a proven success in other international markets, and allows children to experience and progress in the sport in a structured way.

4.5 ISA Group Founders Club

Subscribers to the Offer may also be invited to join the Indoor Skydive Australia Group Founders Club subject to various terms and conditions. The level of membership offered for the Founders Club is subject to the final allocation of Shares in the Offer. The overview of the Founders Club below should be read together with the full terms and conditions (available at www.indoorskydiveaustralia.com.au, also refer to summary in Section 9.4 (f) of this Prospectus).

(a) SILVER — \$5,000 (25,000 shares)

Benefits include:

- Founders Club Pack (Silver status)
- 5% Discount on all hourly tunnel time purchased.
- Priority access to training rooms and club lounge.
- **Invitations to Founders events.**
- Founder newsletters

(b) GOLD — \$10,000 (50,000 shares)

In addition to all the benefits of Silver, you will receive exclusive benefits such as:

- Founders Club pack (Gold status)
- 10% Discount (rather than 5%) on all hourly tunnel time purchased.
- **Exclusive discounts on merchandise and memorabilia.**

(c) PLATINUM — \$50,000 (250,000 shares)

In addition to all the benefits of Gold, you will receive exclusive benefits such as:

- Founders Club pack (Platinum status).
- 20% Discount (rather than 10%) on all hourly tunnel time purchased.
- **Exclusive site tour – survey the premises of our new site in Penrith.**

4.6 Corporate structure

ISA Group is the holding company of Indoor Skydiving Penrith Holdings Pty Limited and Indoor Skydiving Penrith Pty Limited. The former has entered into the Agreement for Sublease (see Section 9.4(d)) and the Purchase and Licence Agreement with SkyVenture (see Section 9.4(a)). The latter is non-operating at this time.

ISA Group intends that both an asset holding company and an operating entity will be incorporated for any facility it may build and operate. This is intended to provide protection for shareholders and allow flexibility in investment structures for any future facilities.

4.7 Growth opportunities

While not the subject of the current fundraising, ISA Group currently proposes to construct a portfolio of facilities across Australia and our region in addition to that at Penrith.

ISA Group is actively considering the following locations for additional projects;

- Sydney, NSW.
- Melbourne, VIC.
- Gold Coast, QLD.
- Perth, WA.

ISA Group does not limit future construction to within Australia and the directors are considering offshore opportunities. It is noted though that the current licence agreement between ISA Group and SkyVenture is in relation to the Penrith site only, however the opportunity for future engagement with SkyVenture to purchase further VWTs of various sizes from SkyVenture is contemplated by the current licence agreement, subject to certain conditions summarised in Section 9.4(a).



5. DIRECTORS AND SENIOR MANAGEMENT



KEN GILLESPIE

LTGEN (Retd) — AC DSC CSM

Independent Chairman

Ken is one of Australia's most distinguished career soldiers. Over more than 43 years in the Australian Defence Force he has held many senior roles, including Chief of Staff Training Command – Army, Vice Chief of the Defence Force and ultimately Chief of Army. Ken has been recognised for his extraordinary service and leadership. He has been awarded the Companion of the Order of Australia and the Distinguished Service Cross, amongst other Australian and international awards.

Ken is a Director of the Boards of Australian Aerospace Limited (a subsidiary of Eurocopter, an EADS Company), the White Ribbon Foundation and the Australian Drugs Foundation.



WAYNE JONES

CEO, Executive Director

Wayne enlisted in the Australian Regular Army in 1990 and was deployed to a variety of locations including Rwanda, Afghanistan, Fiji, Solomon Islands and Iraq. Wayne successfully passed the Special Air Services Regiment (**SASR**) selection course in 1998 and was subsequently posted to an Air Operations Troop the following year. Wayne has been a Patrol Commander since 2005 and was promoted to Sergeant in 2007. He has senior instructor qualifications in a wide variety of areas within the SASR and has been at the forefront of Military Freefall development over the past 8 years, providing outstanding experience and contacts within the military skydiving community



DANIEL HOGAN

COO, Executive Director

Danny enlisted in the Australian Regular Army in 1991 with his initial posting being in Townsville, Australia. In 1997 Danny attempted and completed the Special Air Service Regiment (**SASR**) selection course and was selected for further service within SASR in 1997. He is qualified in Military Freefall Parachuting Operations, is a highly qualified senior dive instructor and subject matter expert within the SASR for air, oxygen and mixed gas diving operations. Danny was selected and completed a two year military exchange in the USA with two of the USA's elite Special Forces Commands where he gained his freefall qualifications with extensive use of VWT simulation training.



STEVE BAXTER

Non-Executive Director

Former Regular Army electronics technician and Australian entrepreneur, founder of the early Internet Provider SE Net and co-founder of Pipe Networks (formerly listed on ASX as PWK and now merged with TPG Telecom Limited (ASX:TPM)). Steve is currently a board member of Vocus Communications (ASX:VOC) and founder of River City Labs based in Brisbane. He also worked for a year in the US during 2008/2009 with Google (NASDAQ:GOOG) on deploying high speed telecommunication infrastructure. Steve is an Australian success story who has vast experience in both start up and successful ASX listed companies.



JOHN DIDDAMS

B.COM, FCPA, FAICD

Non-Executive Director
Company Secretary

Over thirty years financial and management experience as CFO, CEO and director of both private and public listed companies. John is the principal of a CPA firm that provides corporate services to SME & mid-cap companies, including management of the process to raise capital and list on the stock exchange.

John is currently a Director and/or Company Secretary for a number of private and public companies

5.1 Board of Directors and Senior Management

The Company's Board currently comprises five members, three Non-Executive Directors (including a non-executive Chairman) and two Executive Directors.

The Board considers an independent Director to be a Non-Executive Director who is not a member of ISA Group management and who is free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the independent exercise of that director's judgement. The Company considers Ken Gillespie to be independent.

While the ASX Corporate Governance Council recommends a board have a majority of independent directors, the Company believes that the size and composition of the Board is appropriate for the construction and initial operations of the proposed facility and will be reviewed as the operations of the business mature.

5.2 Corporate Governance

ISA Group's Board recognises the importance of good corporate governance and establishing the accountability of the board and management. ISA Group intends to establish a corporate governance framework to be consistent with the ASX Corporate Governance Principles and Recommendations, subject to the exceptions set out below.

The Board is made up of one independent Non-executive Chairman (Ken Gillespie), two Non-executive Directors (John Diddams and Steve Baxter), and two Executive Directors (Wayne Jones and Danny Hogan).

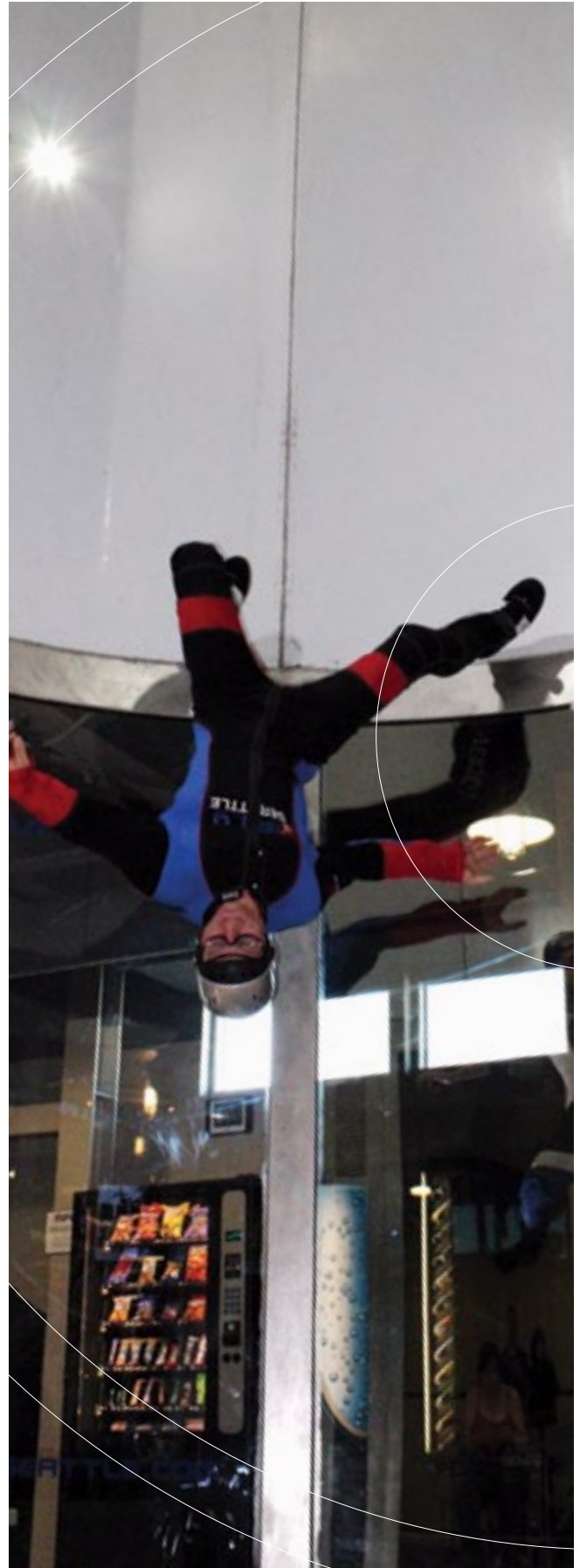
ISA Group does not currently comply with the ASX Corporate Governance Principles and Recommendations which recommend that the majority of the board should be independent directors. Although Steve Baxter, John Diddams, Wayne Jones and Danny Hogan are not independent directors, the Board believes that their individual experience and expertise will ensure that they will be effective Directors of ISA Group.

5.3 Board Charter

The Board is responsible for the overall operation and stewardship of ISA Group. The Board has adopted a Board Charter which sets out the particular responsibilities of the Board with respect to strategy, risk management, reporting, management, performance, corporate governance, Board committees, Board composition and tenure, meetings and other matters.

The composition of the Board is determined in accordance with the following general principles:

- The Board shall comprise between three and ten Directors; and
- Where practical and appropriate for the activities of ISA Group, the Board will endeavour to have at least two non-executive directors.



The composition of the Board, its performance and the appointment of new Directors will be reviewed periodically by the Board. In order to better manage its responsibilities, the Board has established an Audit and Risk Committee and a Remuneration and Nomination Committee. The Board has also adopted a formal Securities Trading Policy for Directors and employees and a Continuous Disclosure Policy for ISA Group.

5.4 Audit and Risk Committee

The Audit and Risk Committee has been established to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to ISA Group's financial reports and reporting process, internal control structure, risk management systems (financial and non-financial) and the internal and external audit process.

The Audit and Risk Committee will provide advice to the Board and report on the status of the business risks to ISA Group through its risk management process, which is aimed at ensuring risks are identified, assessed and appropriately managed.

The current members of the Audit and Risk Committee are Steve Baxter (Chair), Ken Gillespie and John Diddams.

5.5 Remuneration and Nomination Committee

The role of the Remuneration and Nomination Committee is to:

- ensure the Board fulfils its corporate governance and oversight responsibilities relating to nominating and remunerating directors and senior executives;
- ensure that directors and senior management are remunerated fairly and responsibly;
- review and make recommendations to the Board on remuneration packages and policies related to the Non-executive Directors, Chairman, Chief Executive Officer and senior employees and ensure that remuneration policies and practices are consistent with ISA Group's strategic goals and human resource objectives; and
- oversee the remuneration and human resources policies and practices of ISA Group.

The current membership of the Remuneration and Nomination Committee is currently Ken Gillespie (Chair) and Steve Baxter.

5.6 Securities Trading Policy

ISA Group has a Securities Trading Policy which explains the prohibited types of conduct in relation to dealings in Shares under the Corporations Act, and establishes a best practice procedure in relation to dealings in ISA Group's Shares by its Directors and employees.

5.7 Continuous Disclosure Policy

ISA Group places a high priority on communication with Shareholders and once listed will be required to keep the market informed of any information concerning ISA Group of which ISA Group becomes aware and which may be reasonably expected to have a material effect on the price or value of the Shares.

The Board has adopted a Continuous Disclosure Policy which establishes procedures to ensure that Directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information and that all applicable disclosure requirements under the ASX Listing Rules are met.

Information will be communicated to Shareholders through ISA Group's annual report, annual general meeting, half-yearly results, ASX announcements and website <http://www.indoorskydiveaustralia.com.au/>.

5.8 Directors and Key Executives Code of Conduct Policy

The Board intends to adopt a Code of Conduct for Directors and key executives prior to the Listing Date which addresses matters relevant to ISA Group's legal and ethical obligation to its stakeholders. The policy will include requirements with respect to: the directors' discharge of duties; relationships; compliance with laws and ethics; conflicts of interest; confidentiality; use of company assets; competition; environment; health and safety; and the annual review of the Code of Conduct by the Board.

5.9 Shareholder Communications Strategy

The Board aims to ensure that shareholders are informed of all major developments. The Board will adopt prior to the Listing Date, a Shareholder Communications Strategy outlining responsibilities for reports issued to shareholders; ASX announcements; Annual General Meetings; maintenance of the ISA Group website; requests for information; and review of shareholder communications.

5.10 Diversity Policy

ISA Group will develop, implement and monitor strategies, initiatives and programs to promote this ASX Corporate Governance Best Practice Recommendation, including the achievement of gender diversity and review and report of same.

5.11 Process for performance evaluation of the Board, Board committees, individual Directors and key executives

ISA Group will develop, implement and monitor strategies, initiatives and programs to promote these ASX Corporate Governance Principles.

6. HISTORICAL AND PRO-FORMA FINANCIAL INFORMATION

6.1 Introduction

Historical and pro-forma financial information is contained in the Investigating Accountant's Report set out in section 8.

The statements of financial position provided in section 8 should be read in conjunction with the notes to the financial information.

6.2 Pro-forma historical financial information

The appendix to the Investigating Accountant's Report in section 8 contains audited financial results for the year ended 30 June 2012, unaudited statements of financial position as at 31 October 2012 and unaudited pro-forma statements of financial position as at 31 October 2012.

6.3 Forecast financial information

No forecast financial information of ISA Group is provided in this prospectus.

6.4 Basis of preparation of Financial Information

The financial information included in this prospectus has been prepared in accordance with the significant accounting policies summarised at Note 1 of Appendix A in section 8. The information is presented in an abbreviated form and does not comply with all the presentation and disclosure requirements of Australian Accounting Standards applicable to annual reports prepared in accordance with the Corporations Act.

6.5 Basis of preparation of pro-forma historical financial information

The pro-forma historical financial information contained in the Investigating Accountants Report included in this Prospectus at section 8 has been derived from financial information included in the unaudited financial statements of ISA Group as at 31 October 2012 and adjusted for pro-forma items or adjustments described in section 8.

7. RISKS

There are risks associated with any investment and there are various risks, both general and specific, associated with an investment in ISA Group.

The Directors have reviewed and considered these risks, ways to reduce the likelihood of these risks eventuating and ways to reduce their impact if they do eventuate.

Some of the risks that potential investors should consider prior to entering into the investment opportunity are set out in Section 7.1 (Investment Risks). However, that Section does not purport to be a comprehensive statement of all relevant risks. Potential investors must seek their own professional advice in relation to the risks and must make their own risk assessment regarding an investment in ISAG.

7.1 Investment risks

(a) Introduction

There are risks associated with any investment and there are various risks associated with an investment in ISA Group. The following highlights some of the risks that potential investors should consider prior to entering into the investment opportunity referred to in this Prospectus. However, the following is not, and does not purport to be, a comprehensive statement of all relevant risks. The factors below, and others not specifically referred to in section 1.4 or this section 7, may in the future materially affect the financial performance of ISA Group and the value of Shares offered pursuant to this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Due to the nature of ISA Group's products or services and ISA Group entering the commercialisation phase of its development, the Directors believe that investment in ISA Group remains speculative. The Directors are confident that the funds being sought will enable ISA Group to capitalise the next phase of activity. However, prospective investors should consider that investment in ISA Group is speculative and whether listed shares in ISA Group are an appropriate investment and, if in any doubt, should seek their own professional advice from their own accountant, financial planner, solicitor or other professional advisor.

Potential investors should read the entire Prospectus before deciding whether to invest in ISA Group, and in particular should consider the assumptions underlying the prospective financial information in Section 6 and the risk factors that could affect the financial performance of ISA Group set out in section 1.4 and this section 7. Potential investors must seek their own professional advice in relation to the risks and must make their own assessment.

(b) Business & Execution Risk

ISA Group was incorporated on 4 November 2011 and accordingly, has no significant operating history. The prospects of ISA Group must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stages of development.

There are a number of risks facing ISA Group in the execution of its business strategy. While the Directors are of the view that there are plans in place (as disclosed) to ensure these risks are mitigated, these factors may still impact upon investor returns. For example, but without limitation, although customer numbers purchasing ISA Group's products or services are assumed to grow based on competitive pricing (when compared to conventional skydiving) and ISA Group's marketing campaigns, participation by customers in purchasing the products or services offered by ISA Group may be insufficient for the commercial viability of ISA Group. Other risks may impact upon ISA Group's ability to execute its business strategy.

(c) Liquidity and IPO Risks

There is no guarantee that the Shares will trade at a particular price or a particular volume after ISA Group's ASX Listing. There is no guarantee that there will be an ongoing liquid market for Shares. Accordingly there is a risk that, should the market for Shares become illiquid, Shareholders will be unable to realise their investment in ISA Group.

(d) Dilution

ISA Group may need to raise additional funds through a further capital raising or debt facility at some time in the future after the conclusion of the capital raising being undertaken as described in this Prospectus. Any such further capital raising will have the effect of diluting the interests of shareholders of ISA Group.

(e) Funding

The ability of ISA Group to effectively implement and expand its business plan over time may depend, in part, on its ability to raise additional funds. The Directors give no assurances that any equity or debt funding will be available to ISA Group, or be available on acceptable terms.

(f) Competition

While there is currently no dominant company or group in Australia with a product or service offering as proposed by ISA Group, the Directors are aware of possible competitors that could potentially compete with ISA Group. The performance of the ISA Group may be adversely affected if existing or new competitors reduce ISA Group's market share or margins through aggressive price competition or other means.

(g) Reliance on Key Management

The responsibility of overseeing the day-to-day operations and the strategic management of ISA Group depends substantially on its senior management and key personnel. There can be no assurance given that there will be no detrimental impact on ISA Group if one or more of these cease their employment or engagement with ISA Group.

In particular, the experience of each Board member is significant to the future success of ISA Group's operations. Accordingly, if one of those key personnel were to leave ISA Group, ISA Group would likely suffer delay in replacing the particular skill set of the leaving Board member.

At this stage of its development, ISA Group has five (5) key executives (being its three (3) non-executive Directors working under letter consultancy agreements, and its two (2) executive Directors working under employment agreements). ISA Group is reliant on the Directors and there can be no assurance that ISA Group will be able to retain these key personnel, to provide the required services.

Whilst every effort is made to retain key personnel, and to recruit new personnel as the need arises, the loss of one or more key personnel may adversely affect ISA Group's earnings or growth prospects.

(h) Growth Management

ISA Group's success is dependent upon the successful management and execution of its growth strategy. To manage this growth effectively, ISA Group will need to maintain efficient control and supervision of its operations and financial systems and continue to expand, train and manage its employees and secure new appropriate skilled employees. Further to this, ISA Group will need to keep abreast of new and developing technology. There is a risk that ISA Group may not be able to execute its growth strategies.

In particular, the ISA Group's growth strategy depends upon being able to source suppliers and acquire vertical wind tunnel equipment and to secure sites in addition to Penrith (New South Wales) for the construction and operation of that equipment. While there is an option in the SkyVenture Purchase and Licence Agreement (refer to Section 9.4(a) of this Prospectus) to the effect that SkyVenture will enter into further agreement with ISA Group's subsidiary to sell further vertical wind tunnels in other territories to ISA Group, this is subject to a number of conditions. The territory identified must not already be the subject of a formal commitment between SkyVenture and a third party, SkyVenture must not have itself spent money or signed contracts to develop that territory, SkyVenture must have determined that there is enough demand to make the proposed territory viable, and pricing will need to be agreed. SkyVenture may also choose to jointly develop any approved territory on terms that will need to be negotiated. As a result here is no guarantee that SkyVenture will sell ISA Group such further vertical wind tunnel equipment or further territories as chosen by ISA Group (whether

exclusive or not) for the operation of vertical wind tunnel businesses. Further, the SkyVenture Purchase and Licence Agreement seeks to restrict ISA Group's subsidiary from acquiring access, directly or indirectly, to VWT's from other suppliers during the term of that agreement and for 2 years thereafter.

(i) Equipment

The ISA Group business has significant reliance on its equipment and systems and from time to time may incur significant expenditure on equipment and systems upgrades and maintenance. ISA Group's equipment and systems are an essential part of the successful running of its day to day business and as such any interruptions to one or more of these equipment or systems could impair the ability of ISA Group to service its clients.

Standard maintenance, repair, backup and restoration procedures are in place, however a natural disaster or other unforeseen event that results in a loss of use of, or access to, ISA Group's equipment or systems, the loss or corruption of data or the inability of ISA Group to service its clients could have a negative impact on ISA Group's performance.

The Equipment to be utilised in ISA Group's intended facility at Penrith has been supplied pursuant to a purchase and license agreement with SkyVenture (refer to Section 9.4(a) of this Prospectus). This agreement provides that upon termination (whether at the end of the term or earlier for material breach), If terms are not agreed, ISA Group may sell the Equipment to a buyer who is acceptable to the supplier. If the termination is not for material breach and the term has ended, ISA Group may continue to operate and maintain the Equipment for as long as ISA Group shall solely determine, provided that ISA Group must nevertheless cease use of SkyVenture's intellectual property licensed for use under the agreement.

If ISA Group fails to pay the purchase price as required under the agreement, SkyVenture may terminate the agreement, attempt to re-sell the Equipment and recover the purchase price from ISA Group as damages together with all costs and expenses incurred by the supplier.

(j) Relationship with suppliers and the Lessor

The ongoing relationship management with its suppliers is important to the ongoing success of ISA Group's business. Failure to maintain such relationships with its suppliers and certifiers in the future may lead to opportunities for competitors to gain a competitive advantage and may have other adverse effects such as lessening the ability of ISA Group to service its clients which may have an adverse effect on ISA Group's earnings and growth prospects. Termination of any of the supply contracts or certifications could have an adverse effect on ISA Group's earnings and prospects.

While ISA Group (through its wholly owned subsidiary) has an exclusive licence pursuant to a purchase and licence agreement entered into between ISA Group's subsidiary and the supplier of the Equipment to operate the Equipment and commercialise intellectual property owned by the supplier including "SkyVenture" and "iFly Downunder" within Penrith (New South Wales), SkyVenture is not restricted from granting exclusive licences to third parties to operate vertical wind tunnel businesses and commercialise that intellectual property in locations other than Penrith (New South Wales), and is not restricted from operating such a business itself in any area other than Penrith (New South Wales). There is a risk that third parties may be able to acquire vertical wind tunnel equipment and obtain exclusive licenses to operate that equipment and commercialise intellectual property owned by the supplier including "SkyVenture" and "iFly" in locations identified by ISA Group as locations for expansion by ISA Group, or that SkyVenture may operate such businesses itself in competition with ISA Group.

The site to be occupied by the proposed facility at Penrith is the subject of a sublease, rather than freehold. In the event of termination of the sublease or headlease (whether for breach or upon expiry), there is a risk that ISA Group will no longer have the right to occupy the site at Penrith and may not be able to secure an alternative site. During the term of the sublease, there is also a risk that the sublessor may require ISA Group to move to alternative premises and surrender the sublease if the sublessor wishes to carry out building work to extend or improve or change adjacent premises which work will affect the premises by giving 3 months' notice. If there is no acceptable alternative premises, the sublessor must pay ISA Group's reasonable costs of relocating as well as compensation for business interruption.

(k) Government and legal risk

Changes in government, fiscal, monetary, environmental, taxation, regulatory policies and other laws may also affect the business of ISA Group. The market in which ISA Group provides products or services is anticipated to become subject to increasing regulation. Changes to the regulatory framework could impact on the industry generally and have an adverse impact from the financial position performance, assets and operations of ISA Group.

(l) Reputation

The success of ISA Group is dependent on it maintaining a positive reputation. Unforeseen issues or events which place the reputation of ISA Group at risk may impact on future earnings and growth prospect.

(m) Tax Treatment

Investors should seek their own taxation advice in respect of the investment into ISA Group.

(n) Risk Management

The Directors have attempted to address all the associated risks as best as possible. However, there are other factors which are not specific to ISA Group, which may impact on ISA Group, including but not limited to, litigation risk, professional liability claims, industrial action and legal compliance.

(o) Capital Raising

The Directors give no assurances that the objectives of ISA Group outlined in this Prospectus will be met. The capital raising described in this Prospectus is intended to raise sufficient funds to fund the initial development and working capital needs of ISA Group for the purpose of the commercialisation phase of its proposed Penrith development.

(p) Income and Capital Risk

This investment is speculative in nature and the capital contributed and the returns projected are not guaranteed by ISA Group, its Directors, officers or any other person. The speculative nature of the investment poses a risk and the capital may not be returned.

(q) Taxation

ISA Group is subject to various forms of taxation including but not limited to company tax and goods and services tax. An increase, change in the application, or introduction of a new tax could materially affect the performance and financial position of ISA Group.

(r) Financial Performance

The operating results are difficult to predict and are subject to a number of factors as detailed above. There can be no guarantee that ISA Group will achieve its stated objectives or that any forward-looking statements will eventuate.

(s) General Economic Risks

The performance of ISA Group, in common with other companies, is subject to general economic conditions, movements in interest and inflation rates, prevailing global commodity prices and currency exchange rates may have an adverse effect on ISA Group's activities, as well as its ability to fund those activities.

Further, share market conditions may affect the value of ISA Group's quoted securities regardless of ISA Group's operating performance. Share market conditions can be affected by many factors such as:

- general economic outlook,
- interest rates and inflation rates,
- currency fluctuations,
- changes in investor sentiment, and
- the demand for, and supply of, Capital Terrorism and other hostilities.

8. INVESTIGATING ACCOUNTANT'S REPORT



RSM Bird Cameron Corporate Pty Ltd
Level 12, 60 Castlereagh Street
Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001
T +61 2 9233 8933 F +61 2 9233 8521
www.rsmi.com.au

1 November 2012

The Directors
Indoor Skydive Australia Group Limited
Level 6
8 Help Street
CHATSWOOD NSW 2067

Attention: Mr John Diddams – Company Secretary

Dear Directors

Investigating accountant's report

1. Introduction

This investigating accountant's report (IAR or the report) has been prepared at the request of the Directors of Indoor Skydive Australia Group Limited (ISA Group or the Company) for inclusion in a prospectus (the Prospectus) to be dated on or about 1 November 2012 relating to the proposed offer of 60,000,000 fully paid ordinary shares in the Company at an issue price of \$0.20 per share (the Offer), to raise \$12.0 million, prior to costs of the Offer, and the subsequent listing of the shares of the Company on the Australian Securities Exchange Limited.

If the minimum subscription to the Offer of \$12.0 million has not been raised within 3 months after the date of the Prospectus, the Company will not issue any shares and will repay all application monies pursuant to the *Corporations Act 2001*, without interest.

2. Basis of preparation

This IAR has been prepared in accordance with the general disclosure requirements of the *Corporations Act 2001* to assist investors make an informed assessment of the financial position of ISA Group. The information presented in this report includes an unaudited statement of financial position as at 31 October 2012 and an unaudited pro-forma statement of financial position as at 31 October 2012 (together, the financial information). Unless notated otherwise, the financial information presented herein is unaudited.

The future prospects of ISA Group, other than the preparation of the financial information, assuming completion of the proposed transactions set out at Section 7 of this report, are not addressed in this IAR.

This report does not address the rights attaching to the shares to be issued pursuant to the Prospectus, nor the risk associated with an investment pursuant to the Offer, and has been prepared based on the Offer being achieved in full.

Neither RSM Bird Cameron Corporate Pty Ltd nor its related entities (RSM Bird Cameron and RSM Bird Cameron Partners) have been requested to consider the prospects of the Company, the shares to be issued under the Offer, nor the merits and risks associated with becoming a shareholder of the Company and accordingly have not done so, and do not purport to do so. RSM Bird Cameron Corporate Pty Limited takes no responsibility for these matters or for any matter or omission in the Prospectus, other than responsibility for this IAR.

All terms used in this report have the same meaning as those used in the Prospectus.

Unless otherwise noted all amounts in this report are in Australian dollars.

RSM Bird Cameron
Corporate Pty Ltd
ABN 82 050 508 024
AFS Licence No 255847

Major Offices in:
Perth, Sydney,
Melbourne, Adelaide
and Canberra

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the Directors of RSM Bird Cameron. RSM Bird Cameron is a member of the RSM network. Each member of the RSM network is an independent accounting and advisory firm which practises in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

3. Background

ISA Group is planning to construct and a 16.4 foot (5 metre) air conditioned vertical wind tunnel (VWT) in the Panthers entertainment precinct in western Sydney, NSW, for use as an indoor skydive facility. Once constructed, this facility will be amongst the largest tunnels available in the world and can be used by thrill seekers and corporate team building groups, together with professional military and civilian skydivers and enthusiasts for safe and cost effective training.

The VWT to be constructed is the largest and most advanced system available and, developed by the most experienced manufacturer of vertical wind tunnels in the world, SkyVenture, LLC (SkyVenture), will trade under the 'iFly' banner.

Any funds raised under the Prospectus are intended to be used in the construction of the facility at Penrith, acquisition, installation and commissioning of the VWT and to provide the Company with additional working capital.

Further information in relation to the Company, the proposed indoor skydive facility, the Offer and the intended uses of funds raised is contained in the Prospectus.

4. Scope of examination

You have requested RSM Bird Cameron Corporate Pty Ltd to prepare this IAR for inclusion in the Prospectus covering the following financial information:

- unaudited statement of financial position of ISA Group as at 31 October 2012;
- unaudited pro-forma statement of financial position of IAS Group as at 31 October 2012, assuming the completion of transactions summarised in Section 7 of this IAR; and
- notes to the pro-forma financial information.

The financial information has been prepared and presented in accordance with the accounting policies set out in Note 1 to the pro-forma financial information.

Our review has been conducted in accordance with the Australian Auditing Standard on review engagements -ASRE 2405 – 'Review of historical financial information other than in a financial report'. We made such enquiries and performed such procedures as we, in our professional judgment, considered reasonable in the circumstances including:

- an analytical review of all the financial information presented, including a review of the reasonableness of the adjustments used to compile the unaudited pro-forma statement of financial position as at 31 October 2012;
- a comparison of consistency in the application of the recognition and measurement principles in Australian Accounting Standards (including Australian Accounting Interpretations) (AAS) and the accounting policies adopted by the Company and disclosed at Appendix A;
- inspection of financial records; and
- enquiries of directors and management.

These procedures were substantially less in scope than that which would be required in an audit examination conducted in accordance with AAS, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

5. Responsibility

The Directors of the Company are responsible for the preparation of the historical and pro-forma financial information.

It is our responsibility to review the historical and pro-forma financial information and report thereon. We disclaim any responsibility for any reliance on this IAR or the financial information to which it relates for any other purpose other than for which it is prepared. This IAR should be read in conjunction with the balance of the Prospectus.

6. Subsequent events

Apart from the matters dealt with in this report, having regard to the scope of our work, to the best of our knowledge and belief, no material transactions or events outside the ordinary business of the Company have come to our attention that are not otherwise disclosed in the Prospectus, which require further comment upon or adjustment to, the information referred to in this report, or which would cause the information in this IAR to be misleading.

7. Assumptions adopted in compiling the pro-forma financial information

The pro-forma statement of financial position as at 31 October 2012 has been prepared by adjusting the unaudited statement of financial position as at that date to reflect the financial effects of the following transactions, as if they had occurred at 31 October 2012:

- issue of 60,000,000 at \$0.20 per share to retail and other investors to raise \$12.0 million in the initial public offer of shares in the Company;
- lapse of the option acquired to hedge the USD exposure against adverse movement in the exchange rate below parity related to the purchase of the VWT. The option is marked to market daily the value used in the unaudited financial statements as at 31 October 2012 of \$40,638 represents the value ascribed by Macquarie Equities Limited on 30 October 2012;
- reclassification of the prepayment made to SkyVentures of \$216,000 (USD 225,000) from receivables to plant & equipment to reflect the acquisition of the VWT;
- payment of the remaining consideration for the VWT and estimated associated duties, delivery, installation and commissioning costs of \$4.215 million. Included in this amount is:
 - \$2.971 million (USD 3.075 million) payment for the balance of consideration outstanding for the VWT. The Directors have assumed an exchange rate of USD1:AUD1.0349 (based on the AUD buy rate for USD published by OANDA Corporation on 31 October 2012); and
 - \$1.244 million of estimated additional VWT related costs for duties, delivery, installation, (chillers, fixtures etc.) consultants, and sundry items such as spare parts;
- payment for construction of the Indoor skydive facility and related infrastructure at Penrith for total estimated cost of \$5.548 million; and
- payment of costs of the Offer which are estimated to be \$400,000. The costs of the Offer are to be offset against contributed equity.

Further information relating to the material contracts for purchase of the VWT and the construction of the Penrith facility are included in the Prospectus.

The pro-forma statement of financial position of ISA Group has been included in the Prospectus for illustrative purposes only. For comparison purposes only we have included the audited financial position as at 30 June 2012.

8. Review statement on historical and pro-forma financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the financial information set out in Appendix A to this IAR does not present fairly:

- The unaudited statement of financial position of ISA Group as at 31 October 2012; and
- The unaudited pro-forma statement of financial position of ISA Group as at 31 October 2012 adjusted to include the effects of the capital raising proposed in the Prospectus and the completion of the other transactions summarised in Section 7 of this report,

in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable AAS and other mandatory professional reporting requirements in Australia.

8. INVESTIGATING ACCOUNTANT'S REPORT

RSM Bird Cameron Corporate Pty Ltd is a licensed investment adviser under the Corporations Act 2001 and is beneficially owned by the directors of RSM Bird Cameron, a national firm of chartered accountants.

Mr Ian Douglas is a director of RSM Bird Cameron Corporate Pty Ltd and a director of RSM Bird Cameron. He has professional qualifications and experience appropriate to the advice offered.

RSM Bird Cameron Corporate Pty Ltd has acted as Investigating Accountant for the Company but has not been involved in the preparation of any other part of the Prospectus. Accordingly, we make no representations as to the completeness and accuracy of the information in any other part of the Prospectus. RSM Bird Cameron Corporate Pty Ltd has not made, and will not make, any recommendation, through the issue of this report, to potential investors in the Company as to the merits of the Offer.

RSM Bird Cameron Corporate Pty Ltd will receive a fee for the preparation of this report based on actual hours spent on the assignment at normal professional rates. RSM Bird Cameron Partners are the appointed auditors of the Company and will receive a fee for the audit service in line with standard professional rates.

With the exception of the above fees, neither Mr Ian Douglas nor RSM Bird Cameron Corporate Pty Ltd will receive any other benefits, either directly or indirectly, from the preparation of this report and have no pecuniary or other interest which could be regarded as affecting the ability to provide an unbiased opinion in relation to the proposed transaction.

RSM Bird Cameron Corporate Pty Ltd has consented to the inclusion of this report in the Prospectus in the form and context in which it appears. At the date of this report, this consent has not been withdrawn.

Yours faithfully



Ian Douglas
Director

RSM Bird Cameron Corporate Pty Limited

Appendix A – Historical and pro-forma financial information

Indoor Skydive Australia Group Limited
Statements of financial position
as at 31 October 2012

	Notes	Audited consolidated 30 June 2012 \$	Unaudited consolidated 31 Oct 2012 \$	Pro-forma adjustments \$	ISA Group pro-forma 31 Oct 2012 \$
Current assets					
Cash	2	-	521,710	1,836,927	2,358,637
Trade and other receivables		15,134	28,246	-	28,246
Financial assets	3	-	40,368	(40,368)	-
Other current assets	4	216,000	216,000	(216,000)	-
Total current assets		231,134	806,324	1,580,559	2,386,883
Non-current assets					
Property, plant & equipment	5	87,439	153,642	9,979,073	10,132,715
Total non-current assets		87,439	153,642	9,979,073	10,132,715
Total assets		318,573	959,966	11,559,632	12,519,598
Current liabilities					
Trade & other payables		24,689	639	-	639
Total current liabilities		24,689	639	-	639
Total liabilities		24,689	639	-	639
Net assets		293,884	959,327	11,559,632	12,518,959
Equity					
Issued capital & reserves	6	500,000	1,295,000	11,600,000	12,895,000
Accumulated profit / (loss)	7	(206,116)	(335,673)	(40,638)	(376,041)
Total capital and reserves		293,884	959,327	11,559,632	12,518,959

The unaudited pro-forma statements of financial position represents the unaudited statement of financial position as at 31 October 2012, as adjusted for the pro-forma transactions outlined in Section 7 relating to the issue of shares pursuant to the Prospectus and other transactions. The statements of financial position should be read in conjunction with the notes to the financial information.

Appendix A – Historical and pro-forma financial information

Indoor Skydive Australia Group Limited
Notes to the financial information
as at 31 October 2012

1. Summary of significant accounting policies

The significant accounting policies that have been adopted in the preparation of financial information are:

a. Basis of preparation

The financial information has been prepared in accordance with the recognition and measurement, but not all the disclosure requirements of Australian Accounting Standards (including Australian Accounting Interpretations) (AAS), and the *Corporations Act 2001*.

Historical cost convention

The financial information has been prepared under the historical cost convention, as modified by the revaluation of certain assets, where appropriate.

Critical accounting estimates and judgements

The preparation of financial information in conformity with AAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

b. Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by ISA Group at the date of the financial information (the Group). A controlled entity is any entity over which ISA Group has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group prior to the date of the financial information, the financial performance of those entities is included only for the period that they were controlled.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

c. Income taxes

Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year and unused tax losses.

Current and deferred income tax expense is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Appendix A – Historical and pro-forma financial information

Indoor Skydive Australia Group Limited Notes to the financial information as at 31 October 2012

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets relating to temporary differences and unusual tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

d. Property, plant & equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. The expected useful lives are as follows:

<i>Class of fixed asset</i>	<i>Useful life</i>
● Buildings and capital improvements	10-20 years
● Furniture, fixtures and fittings	3-5 years
● Computer Equipment	3 years
● Computer Software	3 years

Appendix A – Historical and pro-forma financial information

Indoor Skydive Australia Group Limited
Notes to the financial information
as at 31 October 2012

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

f. Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Appendix A – Historical and pro-forma financial information

Indoor Skydive Australia Group Limited Notes to the financial information as at 31 October 2012

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of AAS specifically applicable to financial instruments.

Financial assets at fair value through profit or loss

Financial assets are classified at “fair value through profit or loss” when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy.

Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

Held-to-maturity investments

Held-to-maturity investments are included in non-current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are expected to be sold within 12 months after the end of the period. Other financial assets are included in current assets.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Appendix A – Historical and pro-forma financial information

Indoor Skydive Australia Group Limited
Notes to the financial information
as at 31 October 2012

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in profit or loss. Any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

g. Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

h. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial performance.

i. Revenue recognition

Interest revenue is recognised using the effective interest method and includes the amortisation of any discount or premium.

j. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Appendix A – Historical and pro-forma financial information

Indoor Skydive Australia Group Limited Notes to the financial information as at 31 October 2012

k. Significant judgements and key assumptions

The Directors evaluate estimates and judgements incorporated into the financial reports based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates – impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key judgements – deferred tax assets

The directors have considered it prudent not to raise any deferred tax assets on estimated tax losses until such time as there is more certainty in respect of the probability of there being sufficient future taxable profits to utilise tax losses.

2. Cash and cash equivalents

	Audited consolidated 30 June 2012 \$	Unaudited consolidated 31 Oct 2012 \$	Pro-forma adjustments \$	ISA Group pro-forma 31 Oct 2012 \$
Cash and cash equivalents	-	521,710	1,836,927	2,358,637
<i>Adjustments for the preparation of the pro-forma balance are summarised as :</i>				
Proceeds from the issue of 60,000,000 fully paid ordinary shares at an issue price of \$0.20 per share			12,000,000	
Balance of purchase consideration for SkyVentures vertical wind tunnel (VWT)			(2,971,302)	
Estimated additional costs for duties, delivery, installation, (chillers, fixtures etc.) consultants, and sundry items relating to the VWT			(1,243,746)	
Payment for construction of building and infrastructure to house the VWT			(5,548,025)	
Estimated costs of the Offer			(400,000)	
Cash and cash equivalents			1,836,927	

Appendix A – Historical and pro-forma financial information

Indoor Skydive Australia Group Limited
Notes to the financial information
as at 31 October 2012

3. Financial assets

	Audited consolidated 30 June 2012 \$	Unaudited consolidated 31 Oct 2012 \$	Pro-forma adjustments \$	ISA Group pro-forma 31 Oct 2012 \$
Financial assets	-	40,368	(40,368)	-
<i>Adjustments for the preparation of the pro-forma balance are summarised as :</i>				
Lapse of the option to acquire USD at parity			(40,368)	
Financial assets			(40,368)	

4. Other current assets

	Audited consolidated 30 June 2012 \$	Unaudited consolidated 31 Oct 2012 \$	Pro-forma adjustments \$	ISA Group pro-forma 31 Oct 2012 \$
Other current assets	216,000	216,000	(216,000)	-
<i>Adjustments for the preparation of the pro-forma balance are summarised as :</i>				
Reclassification of initial VWT payment to SkyVentures to plant & equipment			(216,000)	
Other current assets			(216,000)	

5. Property, plant & equipment

	Audited consolidated 30 June 2012 \$	Unaudited consolidated 31 Oct 2012 \$	Pro-forma adjustments \$	ISA Group pro-forma 31 Oct 2012 \$
Property, plant & equipment	87,439	153,642	9,979,073	10,132,715
<i>Adjustments for the preparation of the pro-forma balance are summarised as :</i>				
Reclassification of initial VWT payment to SkyVentures to plant & equipment			216,000	
Balance of purchase consideration for SkyVentures VWT			2,971,302	
Estimated additional costs for duties, delivery, installation (chillers, fixtures etc.) consultants, and sundry items relating to the VWT			1,243,746	
Construction of Indoor Skydive building and infrastructure			5,548,025	
Property, plant & equipment			9,979,073	

Appendix A – Historical and pro-forma financial information

Indoor Skydive Australia Group Limited
Notes to the financial information
as at 31 October 2012

6. Issued capital and reserves

	Audited consolidated 30 June 2012 \$	Unaudited consolidated 31 Oct 2012 \$	Pro-forma adjustments \$	ISA Group pro-forma 31 Oct 2012 \$
Issued capital and reserves	500,000	1,295,000	11,600,000	12,895,000
<i>Adjustments for the preparation of the pro-forma balance are summarised as :</i>				
Issue of 60,000,000 fully paid ordinary shares at an issue price of \$0.20 per share			12,000,000	
Estimated costs of the Offer			(400,000)	
Issued capital and reserves			11,600,000	

7. Accumulated profit / (loss)

	Audited consolidated 30 June 2012 \$	Unaudited consolidated 31 Oct 2012 \$	Pro-forma adjustments \$	ISA Group pro-forma 31 Oct 2012 \$
Accumulated profit / (loss)	(206,116)	(335,673)	(40,368)	(376,041)
<i>Adjustments for the preparation of the pro-forma balance are summarised as :</i>				
Lapse of the option to acquire USD at parity			(40,368)	
Accumulated profit / (loss)			(40,368)	

8. Related party disclosure

The Directors of ISA Group at the date of this IAR are Mr Ken Gillespie, Mr Wayne Jones, Mr Daniel Hogan, Mr John Diddams and Mr Stephen Baxter. The interests of the Directors in the ISA Group and the transactions considered in this IAR are set out in the Prospectus.

9. Commitments and contingent liabilities

Other than referred to in the Prospectus, we are advised the Group has no additional commitments or contingent liabilities.

9. ADDITIONAL INFORMATION

9.1 Incorporation

ISA Group was registered as a proprietary company in Western Australia on 4 November 2011. It converted to a public company on 7 September 2012.

All Shares issued in ISA Group to date are fully paid ordinary Shares in the capital of ISA Group. The current issued capital of ISA Group is 28,333,333 Shares.

Shares to be issued pursuant to this Prospectus will be fully paid ordinary shares in the capital of ISA Group and will rank equally with all other issued Shares.

9.2 Share Capital

At the date of this Prospectus ISA Group has 28,333,333 issued Shares. At the time of listing ISA Group will have 88,333,333 Shares.

9.3 Rights attaching to Shares

The rights attaching to Shares are detailed in the Constitution of ISA Group which may be inspected during normal business hours at the registered office of ISA Group. The following is a summary of the material provisions of the Constitution and the privileges and restrictions attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

(a) Voting

Subject to any restriction on voting imposed by the Constitution, the Corporations Act and the Listing Rules, every Shareholder present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a show of hands and, on a poll, one vote for every Share held. A poll may be demanded by the chair of the meeting, any five Shareholders present (or their proxy, attorney or representative) entitled to vote on the resolution or a Shareholder or Shareholders present who together hold at least 5% of the votes that may be cast on the resolution on a poll.

(b) General Meetings

Each Shareholder is entitled to receive the amount of notice required by the Corporations Act for general meetings of ISA Group.

(c) Dividends

Dividends are payable out of ISA Group's profits and may be declared by the Directors without confirmation at a general meeting.

(d) Transfer of Shares

A Shareholder may transfer Shares by a proper transfer effected in accordance with any computerised or electronic system established or recognised by ASX or the Corporations Act for the purpose of facilitating transfers in Shares or by an instrument in writing in any usual form or any other form approved by the Directors. The Directors may refuse to register a transfer of Shares where the refusal to register the transfer is permitted under the Constitution, the ASX Listing Rules and the SCH Business Rules.

(e) Issue of Shares

The Directors may under the Corporations Act and the ASX Listing Rules, issue or allot further Shares or any other form of security in ISA Group, or grant options over unissued Shares in ISA Group to any person, on the terms and at the times the Directors deem fit. Any further Shares issued by Directors may have preferred, deferred or other special rights or special restrictions in relation to dividends, voting, return of capital, participation in ISA Group on winding up or otherwise, as the Directors deem fit.

(f) Proportional takeover provisions

The Constitution contains provisions for Shareholder approval in relation to any proportional takeover bid. The provision will lapse unless it is renewed by special resolution of Shareholders in a general meeting within 3 years from the date of its adoption.

(g) Winding Up

Subject to any special or preferential rights attaching to any class or classes of Shares, on a winding up of ISA Group a liquidator may, with the authority of a special resolution of the Shareholders, divide among the Shareholders the whole or any part of the property of ISA Group in proportion to the Shares held by them respectively. The liquidator may for that purpose set the value he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders. The liquidator may, with the sanction of a special resolution of the Shareholders, vest the whole or any part of the assets in trust for the benefit of Shareholders as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(h) Shareholder Liability

Fully paid Shares are not subject to any call for money by the Directors and will therefore not become liable for forfeiture. However, partly paid Shares are subject to calls on the holders by Directors for any money unpaid on them. Subject to the ASX Listing Rules, ISA Group has a lien on every partly paid Share and partly paid Shares may be forfeited for failure to pay the unpaid amount.

(i) Alteration to the Constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of the Shareholders present and voting at a general meeting. ISA Group must give at least 28 days written notice of its intention to propose the resolution as a special resolution.

(j) ASX Listing Rules

On admission to the Official List, notwithstanding anything in the Constitution, if the ASX Listing Rules prohibit an act being done, the act must not be done. If the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done, and if a provision is required in the Constitution by the ASX Listing Rules the Constitution will be treated as containing

that provision. If any provision of the Constitution becomes inconsistent with the ASX Listing Rules, the Constitution will be treated as not containing that provision to the extent of the inconsistency.

(k) Directors

The number of Directors of ISA Group is to be not less than three but no more than ten.

The Directors are entitled to be remunerated for their services as Directors and the total amount or value of the remuneration must not exceed, for non-executive Directors, an aggregate maximum of \$500,000 per annum or such other amount determined by ISA Group at general meeting from time to time. This amount does not include the remuneration payable to any executive Director.

The remuneration of executive Directors will be fixed by the Directors and may be paid by way of salary, commission or participation in profits or by all or any of these modes but may not be by commission on, or a percentage of, operating revenue.

ISA Group may remunerate a Director in addition to the above amount (as determined by the Directors) if the Director performs additional or special duties for ISA Group at the request of the Directors.

A Director is not required to hold any Share in ISA Group.

The quorum for a Director's meeting is two Directors.

At every annual general meeting one third of the Directors must retire from office. A director must retire from office at the conclusion of the third annual general meeting after which the director was elected or re-elected.

The Directors may appoint one or more of the Board to be the Managing Director for such period and on such terms as they see fit.

(l) Directors' Indemnity

To the extent permitted by law, each Director and officer of ISA Group is entitled to be indemnified out of the property of ISA Group for every liability incurred by the person in that capacity and all legal costs incurred in connection with proceedings in which the person becomes involved because of that capacity.

9.4 Summary of Material Contracts

Various contracts entered into by ISA Group may be material to the Offer or the operation of the business of ISA Group. The Directors of ISA Group consider the contracts summarised below are significant or material to ISA Group ("**Material Contracts**"). The main provisions of the Material Contracts are summarised in this section. Each Material Contract appears in summary form only. Some terms may be defined in the Material Contracts but not defined in this Prospectus.

(a) SkyVenture Purchase and Licence Agreement

Indoor Skydiving Penrith Holdings Pty Ltd (being a wholly owned subsidiary of ISA Group) ("**Licensee**") has entered

into a binding agreement with SkyVenture International Ltd ("**Licensor**") for the acquisition of the Equipment. A summary of this agreement is set out below:

- The term of this agreement is 20 years commencing on 15 October 2012.
- The Licensor has granted an exclusive, non-assignable, non-transferable licence to the Licensee to operate the Equipment within Penrith (New South Wales) ("**Location**"), commercialise all of the Licensor's rights in Australian Patent number 2005266895 as well as all know-how and technical information, and commercialise the Licensor's trade marks "SkyVenture" and "iFly Downunder" in association with the operation of the Equipment at the Location.
- Prior to the date of this Prospectus, the Licensee paid a deposit which is non-refundable.
- The purchase price is payable by way of instalments to be paid as follows:
 - 50% is payable no later than 28 December, 2012 (inclusive of the amount already paid as at the date of this Prospectus by way of non-refundable deposit); and
 - 50% is payable upon the Licensee's acceptance of the Equipment following inspection of the Equipment at the Licensor's facilities in the United States of America.
- The Licensor must make the Equipment available for inspection by the Licensee at the Licensor's premises in the United States of America prior to acceptance of the Equipment by the Licensee no later than 180 days after receipt by the Licensor of the first 50% instalment of the purchase price (payable by the Licensee by 28 December 2012).
- The agreement provides that SkyVenture will, if the Licensee requests, sell further VWTs in additional territories to the Licensee. This is subject to a number of conditions. The territory identified must not already be the subject of a formal commitment between SkyVenture and a third party, SkyVenture must not have already spent money or signed contracts to develop that territory, SkyVenture must have determined that there is enough demand to make the proposed territory viable and the Licensee must agree to then execute the Licensor's then standard agreement and pay 50% deposit. SkyVenture may also choose to jointly develop any approved new territory on terms that would need to be negotiated. The agreement restricts ISA Group from directly or indirectly acquiring access to VWT's from other suppliers during the term of the agreement and for 2 years thereafter.
- The Licensee must pay royalties to the Licensor for the term of the agreement being a percentage of gross sales generated by the Licensee from its operation of the Equipment at the Location. At any time during the term of the agreement, the Licensee has the right to pay a single lump sum payment and thereby terminate the obligation to make any further royalty payments from that day forward.

- The Licensee has indemnified the Licensor against any losses, claims, or damages arising from or incurred by the Licensor as a result of the Licensee's maintenance and operation of the Equipment or commercialisation of any products or services pursuant to the agreement. The Licensor has indemnified the Licensee against and losses or damages over and above the limits of the Licensee's general liability insurance that arise from defects in the Equipment.
- The agreement may be terminated prior to the expiry of the term in the event of an uncured material breach or event of default.
- Upon termination (whether at the end of the term or earlier for material breach), the Licensee must cease use of the Licensor's intellectual property licensed for use under the agreement. The Licensee may sell the Equipment to a buyer who is acceptable to the Licensor, and provided that the termination is not for material breach and the term has ended, the Licensee may continue to operate and maintain the Equipment for as long as the Licensee shall solely determine, provided that the Licensee must nevertheless cease use of the Licensor's intellectual property licensed for use under the agreement.
- If the Licensee fails to pay the purchase price as required under the agreement, the Licensor may terminate the agreement, attempt to re-sell the Equipment and recover the purchase price from the Licensee as damages together with all costs and expenses incurred by the Licensor. The Licensor has this right among others in the event of material uncured breach.

(b) Development Approval

ISA Group has been granted development approval by Penrith City Council commencing on 26 April 2012 and expiring on 26 April 2015. The consent is granted subject to certain conditions including:

- The development must be implemented substantially in accordance with the plans specified by Penrith City Council;
- Terms of approval issued by the NSW Office of Water must be satisfied prior to the issue of a Construction Certificate and/or Occupation Certificate;
- The works must be carried out in accordance with the requirements of the Building Code of Australia;
- The development shall not be used or occupied until an Occupation Certificate has been issued;
- The operating hours are from 9am to 12 midnight, Monday to Sunday;
- A Construction Certificate shall be obtained prior to commencement of building works;
- High quality CCTV shall be installed in conjunction with quality lighting;
- Prior to occupation, an emergency evacuation plan must be prepared and submitted to Council for approval;
- The operating noise level shall not exceed 5dB(A) above background noise level when measured at the boundaries of the premises;

- Noise levels from the premises shall not exceed the relevant noise criteria referred to in the development consent;
- The conditions in the consent in relation to the following must be complied with:
 - Demolition
 - Environmental matters
 - BCA Issues
 - Utility Services
 - Construction
 - Engineering
 - Landscaping
 - Certification

(c) Construction Contract

ISA Group has entered into a Cost Plus Contract ("Contract") with Raybal Constructions Pty Ltd ("Builder") for the construction of the new indoor skydiving facility at Penrith, New South Wales in which the business described in this Prospectus will be operated. Commencement of the works the subject of the Contract is subject to the completion of the Offer of Shares the subject of this Prospectus, and the Sublessor's approval. The Contract provides that the Builder will, for the cost of the works plus the fees payable under the Contract (plus GST), subject to the contract terms and conditions, complete the works described in the Contract. While the Contract provides that the contract sum payable will be \$5,548,025.51 (plus GST), this figure is an estimate only and subject to adjustment. The total cost of the works, the fee payable to the Builder and the GST payable on the works is not known nor ascertainable at the date of the Contract. The estimate is based on a rate of \$90 per hour for the Builder's time plus hourly rates specified in the Contract to be paid for various other trades people, together with an additional fee payable to the Builder being equal to 7.5% of the costs so payable (plus GST).

Under the Contract, the proposed date for commencement of the substantive works is 1 February 2013, and the construction period is 52 weeks after that date. The Builder is required to bring the works to practical completion within this construction period.

Payment for the works will be made by instalments during construction. The first payment claim will be made by the Builder on 28 February 2013, and thereafter every 30 days. ISA Group must pay each claim within 14 days. Annual interest for overdue payment is 15%. The Builder is entitled to suspend works if ISA Group fails to pay for work under the Contract when due.

The Contract provides for a Contract Maintenance Period of 52 weeks commencing upon practical completion of the works. Prior to expiration of the Contract Maintenance Period, ISA Group is to provide to the Builder a written list of any defects or faults arising out of workmanship or materials provided by the Builder other than in accordance with the Contract. The Builder must make good any defects or faults notified at the Builder's own cost and within a reasonable time of notification.

The Contract may be terminated by ISA Group if the Builder is in default which may occur if the Builder commits an act of bankruptcy or enters into a composition or arrangement with creditors or enters into liquidation; fails to proceed with the works in a competent manner; suspends the works before practical completion without reasonable cause; refuses or persistently neglects to comply with notices from any authority or to remove or remedy defective work or improper materials; or abandons the Contract, and where the default continues for 25 days after notice in writing to the Builder specifying the default. The Contract may be terminated by the Builder if ISA Group is in default which may occur if ISA Group refuses the Builder access to the site; fails to provide evidence of title within 10 days after execution of the Contract; fails to produce evidence of ongoing capacity to pay within 10 days of execution of this Contract or subsequent written request by the Builder; fails to pay the Builder any payment within time; or ISA Group commits an act of bankruptcy or enters into a composition or arrangement with creditors or enters into liquidation.

Other key provisions of the Contract include:

- the Builder is to have exclusive and uninterrupted possession of and access to the site for the performance of work;
 - ISA Group may have access to the site for the purpose of inspecting and viewing progress of the works but only at reasonable times and with the Builder's permission;
 - the Builder will obtain and use materials which comply with the requirements of the Contract and suitable for the purpose for which they are to be used;
 - ISA Group warrants that any goods, materials or items specified to be used in the works by ISA Group or anyone who prepares specifications for ISA Group are fit for the purpose for which the Builder is directed to use such goods, materials and items;
 - the Builder must be given a fair extension of time for any delays in the works caused by variations, suspension of works due to failure by ISA Group to make payments required under the Contract, inclement weather, latent conditions affecting the site or ability to carry out work, dispute proceedings, civil commotion, industrial disputes, any act, default, delay or omission of ISA Group in providing instructions to the Builder, delay by any local or other authority in granting any necessary consent or approval, or any other case, thing or matter beyond the reasonable control of the Builder. The Builder must use best endeavours to minimise any delay;
 - ISA Group warrants that the site will support and allow the works to be carried out;
 - the works may be varied by the execution of additional work, changes in the character or quality of any material or work, changes in the levels, lines, positions or dimensions of any part of the works, or deletions or omissions from the works. Variations
- are established by written instructions from ISA Group, the supply to the Builder of drawings or other details, and/or the discovery of an otherwise unknown latent condition;
 - if ISA Group reduces the work to be done by the Builder, the Builder will be entitled to compensation for the loss of work;
 - the Builder is to insure for workers compensation as required by law for the Builder's employees and subcontractors;
 - the Builder is solely liable for and indemnifies ISA Group in respect of and must insure against any legal liability, loss, claim or proceedings in respect of personal injury to or death of any person arising out of or in the course of the works unless due to any act or neglect of ISA Group or any other person for whom ISA Group is responsible, and also in respect of any injury or damage to any property, real or personal, in so far as the injury or damage arises out of or in the course of or by reason of the execution of the works due to any negligence, omission or default of the Builder, the Builder's employees or subcontractors;
 - contract works insurance must be taken out and maintained in the joint names of the Builder and ISA Group;
 - the Builder must work co-operatively and in good faith with ISA Group with a view to ensuring that ISA Group can comply with the Agreement for Sublease and the Sublease;
 - if the works do not proceed because the Offer of Shares under this Prospectus is not completed or the sublessor does not provide its approval, neither party has any claim against the other, the Builder will be able to recover its costs (and a profit margin) incurred up to that time up to a maximum of \$287,006 including GST; and
 - ISA Group is entitled to retain 5% of each payment to the Builder for the purpose of ensuring the due and proper performance of the Contract. Once practical completion is reached, it may retain 50% of that amount until the end of the Contract Maintenance Period.

(d) Agreement for Sublease, and Sublease

Indoor Skydiving Penrith Holdings Pty Ltd (being a wholly owned subsidiary of ISA Group) ("**Sublessee**") has entered into an Agreement for Sublease ("**ATS**") with Penrith Rugby League Club Limited ("**Sublessor**"). The land the subject of the ATS is owned by Panthers Property Management and Mulgoa Road (No 1) Pty Ltd and leased by Penrith Rugby League Club. The ATS requires the Sublessor to affect certain changes to its headleases to accommodate the Sublease. Both the ATS and the Sublease are subject to ISA Group successfully completing the Issue of Shares the subject of this Prospectus. The ATS is subject to certain conditions being satisfied. A summary of the material conditions to be satisfied and material terms of the Sublease are as follows:

- Sublessee to obtain all development approvals before the sunset date 1 May 2012 (which has been satisfied);
- Sublessee obtaining approval for the use of the Premises as a commercial vertical wind tunnel and sky diving facility before 1 May 2012 (which has been satisfied);
- Subject to Sublessee complying with its obligations under the ATS, the Sublessor is required to grant a Sublease to the Sublessee commencing on the earlier of 11 months from the date of handover of the site (the date of execution of the ATS) or the day of receipt of certificate of works issued by the Sublessor's manager;
- Sublessee is required to obtain all development approvals, at its cost, and obtain the Sublessor's consent to the design and plans. Any variation of the approved works will need to be consented to by the Sublessor's manager.
- Sublessee must endeavour to complete its works within 11 months after the date of the ATS. If the works are not completed within this timeframe, the Sublease will commence.
- Sublessee indemnifies and releases the Sublessor against damage or loss caused by Sublessee, its use of the premises and the works.
- Sublessee is required to provide usual public liability, contractors or risk, workers compensation and professional indemnity insurance.
- Sublessee must ensure that building work is carried out to minimise disturbance to other occupiers of the land and does not interfere with existing services.
- Sublessee is required to be the principal contractor for the purposes of OH&S legislation.
- Termination rights are restricted to breach of the ATS by Sublessee.
- The Sublessor may assign its interest in the land subject to obtaining a lease on the same terms for Sublessee.
- Sublessee is required to provide an unconditional bank guarantee which will be transferred to the Sublease upon completion of the ATS.
- The Sublessor may further subdivide or deal with the land and Sublessee will be required to execute consent documents provided that its use and enjoyment of the premises is not adversely affected.
- A turnover rent per sublease year based on gross sales is payable.
- The rent is reviewed annually to CPI with a market review every 5 years. Any market increase is capped at 10%.
- Sublessee is required to provide an unconditional bank guarantee for 6 months' rent with no expiry date.
- Sublessee is required to provide public liability insurance of \$20 million.
- Sublessee is required to pay all rates and taxes as well as the services.
- The permitted use is the operation of a commercial vertical wind tunnel and indoor sky diving facility and associated uses as agreed in writing with the Sublessor.
- Sublessee is required to trade from 6 am to midnight 7 days a week subject to local authority approvals.
- Sublessee is permitted to ensure that it complies with acoustic criteria set by the relevant authorities and that noise emissions associated with the equipment operates at a level that minimises the noise escape and complies with all code requirements.
- Sublessee is not permitted to assign or sublet or licence the premises without the Sublessor's prior consent which consent may be withheld if the assignee is inexperienced in operating a similar business, fails to provide a guarantee or fails to prove it is respectable and solvent.
- Sublessee is required to maintain the premises, its property and the Sublessor's property in good repair and condition and must maintain the structural integrity of the premises. Sublessee is required to paint and upgrade the premises after 5 years and whenever reasonably required by the Sublessor. Sublessee is required to remove all of its works returning the premises to a state consistent with the commencement of the ATS. The Sublessee will retain ownership of the improvements on the land.
- Sublessee indemnifies and releases the Sublessor against damage or loss caused by Sublessee, its use of the premises and the works.
- The permitted use is not exclusive.
- Sublessee may erect signage on the Penrith Panthers site subject to the club's approval and any relevant authority.

The Agreement for Sublease provides that upon the earlier of completion of the works and 11 months after the date of the ATS, the Sublease in the form attached to the Agreement for Sublease shall commence.

A summary of the material terms of the Sublease is as follows:

- There will be 4 consecutive subleases each of 5 years.
- The base rent is payable per annum plus GST. A rent free period will apply to the first 2 years but Sublessee is still required to pay turnover rent, outgoings, marketing levies and rates and taxes.

- The Sublessor may require Sublessee to move to alternative premises on the Penrith Panthers site and surrender the Sublease if it wishes to carry out building work to extend or improve or change adjacent premises which work will affect the premises by giving 9 months' notice. The Sublessor must pay Sublessee's reasonable costs of relocating as well as compensation for business interruption.
- The Sublessor must use its best endeavours to comply with the head leases it has with the owners of the land.

(e) Executive Service Agreements

ISA Group has entered into the Executive Service Agreements with the following executives in the following positions (and with the remuneration as indicated below):

- Wayne Jones, Chief Executive Officer – Gross annual salary of \$165,000 plus superannuation; and
- Daniel Hogan, Chief Operating Officer – Gross annual salary of \$165,000 plus superannuation.

Each of the Executive Service Agreements also provides that the executive may be paid a maximum annual bonus of \$35,000 at the discretion of the Board based on key performance indicators and performance of ISA Group relative to budget.

In addition, each of the Executive Service Agreements provides that the executive may be issued shares or share options as a performance incentive subject to any shareholder approvals required by law or by the ASX Listing Rules (Refer to section 9.9).

Each of the Executive Service Agreements:

- contains non-compete covenants for a period of 12 months after termination of employment; and
- allows the executive to terminate on 6 months' notice and ISA Group to terminate 6 months' notice.

(f) Founders Club – Summary of Terms and Conditions

This summary of the terms and conditions of the Founders Club must be read in conjunction with the full terms and conditions, available at www.indoorskydiveaustralia.com.au

- The terms and conditions of the Founders Club (“**Terms**”) are not part of, and do not modify, the rights attaching to the Shares in ISA Group. Such rights are set out in the Constitution of ISA Group.
- The Terms may be amended by ISA Group from time to time in its discretion.

- By continuing to take advantage of benefits offered to members of the Founders Club, a person is deemed to have read, understood and accepted the Terms.
- Membership is open only to individuals. A company, trust or partnership holding the relevant number of Shares applicable to Founders Club membership tier must nominate an individual to be the nominee Founders Club member for that Shareholder.
- Membership is non-transferable.
- Maintaining membership is subject to the relevant individual (or if a nominee of a company, trust or partnership, the relevant company, trust or partnership) continuing to hold the relevant number of Shares applicable to the relevant membership tier.
- The tiers of membership of the Founders Club are:
 - Silver membership: 25,000 Shares to 49,999 Shares
 - Gold membership: 50,000 Shares to 249,999 Shares
 - Platinum membership: 250,000 Shares or more (but limited to the first 50 qualifying Shareholders applying for Shares pursuant to the Offer, subject to the discretion of ISA Group to increase that number) Membership benefits are as notified by ISA Group in writing to members from time to time.
- Discounted prices for ISA Group services are for the exclusive use of the member and are not for sale or transferable.
- Discounted bookings are subject to availability.

9.5 Material Proceedings

To the knowledge of the Directors, at the date of this Prospectus there is no current civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which ISA Group is involved or in which ISA Group is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of ISA Group.

9.6 Directors' Interests

At the date of this Prospectus, the relevant interest held by each of the current Directors (including companies and trusts associated with the Directors) in ISA Group is as follows.

Interests in Shares/Options

Director	Interest in Shares/Options before the Offer	Interest in Shares/Options After the Offer
Ken Gillespie	250,000	250,000
Wayne Jones	8,000,000	8,000,000
Daniel Hogan	8,000,000	8,000,000
Steve Baxter	7,000,000	15,000,000*
John Diddams	400,000	400,000

Directors are not required under the Constitution to hold any shares in ISA Group. As at the date of this Prospectus, Directors hold the shares in ISA Group either directly or indirectly as described above.

*Mr Baxter has committed to acquiring a further 8,000,000 Shares as an investor in this IPO.

9.7 Directors' Remuneration

The Constitution provides that the Directors' remuneration (excluding the remuneration payable to any executive Director) must not exceed the maximum aggregate sum determined by ISA Group in general meeting. At present, that sum is fixed at a maximum of \$500,000 in aggregate per annum. This maximum sum cannot be increased without members' approval by ordinary resolution at a general meeting.

The remuneration of executive Directors will be fixed by the Directors and may be paid by way of salary, commission or participation in profits or all or any of these modes but may not be by commission on, or a percentage of, operating revenue.

The annual remuneration (exclusive of superannuation) payable to each of the Directors as at the date of this Prospectus is as follows:

Director	Position	Annual Remuneration
Ken Gillespie	Independent Non-executive Chairman	\$75,000 ¹
Daniel Hogan	Executive Director – Chief Operating Officer	\$165,000 ²
Wayne Jones	Executive Director – Chief Executive Officer	\$165,000 ³
Steve Baxter	Non-executive Director	\$45,000 ⁴
John Diddams	Non-executive Director, Company Secretary	\$35,000 ⁵

1. Inclusive of Mr Gillespie's entitlement to receive \$10,000 per annum for his role as Chair of the Remuneration and Nomination Committee, and \$5,000 per annum for his role as a member of the Audit and Risk Committee.

2. Mr Jones is also entitled to a maximum annual bonus of \$35,000 and may be issued Shares or Share options as a performance incentive (refer to Section 9.8(a)).

3. Mr Hogan is also entitled to a maximum annual bonus of \$35,000 and may be issued Shares or Share options as a performance incentive (refer to Section 9.8(b)).

4. Inclusive of Mr Baxter's entitlement to receive \$10,000 per annum for his role as Chair of the Audit and Risk Committee and \$5,000 per annum for his role as a member of the Remuneration and Nomination Committee.

5. Inclusive of Mr Diddams' entitlement to receive \$5,000 per annum for his role as a member of the Audit and Risk Committee.

Payment of expenses

In addition to remuneration, Directors are entitled to reimbursement of travelling and other expenses that they properly incur in attending Directors' meetings, attending any general meetings of ISA Group or in connection with ISA Group's business.

Payment for extra services

Any Director called upon to perform extra services or undertake any executive or other work for ISA Group beyond his or her general duties, may be remunerated either by a fixed sum or a salary as determined by the Directors. This may be in addition to, or in substitution for, the Director's share in the usual remuneration provided.

Effect of cessation of office

ISA Group does not pay any special fees or otherwise make any provision for Directors upon their retirement from the Board.

Payment of superannuation contributions

ISA Group shall pay the Directors' superannuation contributions of an amount necessary to meet the minimum level of superannuation contributions required under any applicable legislation to avoid any penalty, charge, tax or impost.

Financial benefit

A Director must ensure that the requirements of the Corporations Act are complied with in relation to any financial benefit given by ISA Group to the Director

or to any other related party of the Director. ISA Group must not make loans to Directors or provide guarantees or security for obligations undertaken by Directors except as may be permitted by the Corporations Act.

Board Functions

The Board is responsible for directing and monitoring the business and affairs of ISA Group, including compliance with ISA Group's corporate governance policies and procedures.

The functions of the Board include:

- ensuring compliance with statutory, regulatory and reporting requirements imposed upon ISA Group and its officers;
- overseeing the financial standing, operating results and business risks of ISA Group;
- approving goals, strategy and plans for the direction of ISA Group; and
- reviewing the performance of the Managing Director.

Conflicts of Interest

Directors are generally required to disclose to the Board any contract in which they have an interest. Where a matter is being considered by the Board in which a Director has a material personal interest, that Director may not be present while the matter is being considered and may not vote on the matter.

9.8 Agreements with Directors or Related Parties**(a) Executive Director – Chief Executive Officer Agreement – Wayne Jones**

On 19 October 2012, ISA Group entered into an employment agreement with Mr Wayne Jones whereby Mr Jones agreed to act as Chief Executive Officer to ISA Group. Mr Jones' employment will commence on the date that ISA Group is admitted to the Official List of the ASX.

Mr Jones will be paid a salary of \$165,000 per annum (excluding superannuation), which will be reviewed on each anniversary of admission to the Official List of the ASX.

Mr Jones is also entitled to a maximum annual bonus of \$35,000, payable at the discretion of the Board and dependent upon performance of ISA Group relative to budget as well as key performance indicators.

In addition, Mr Jones is entitled to be issued Shares/options to purchase Shares as a performance incentive subject to any Shareholder approvals required by law or by the ASX Listing Rules from time to time as follows:

- to the value of 2% of equity in ISA Group payable in 3 tranches commencing 13 months after the Listing Date, subject to achievement by ISA Group of certain key milestones as set out in the executive services agreement; plus
- to the value of 2% of equity in ISA Group payable in 3 tranches commencing on the later of either the approval of the development application for ISA Group's second VWT (if any) or the signing of a lease for the property on which such VWT will be located.

Mr Jones' agreement is otherwise on terms and conditions common to an agreement of this nature.

(b) Executive Director – Chief Operating Officer Agreement – Daniel Hogan

On 19 October 2012, ISA Group entered into an employment agreement with Mr Daniel Hogan whereby Mr Hogan agreed to act as Chief Operating Officer to ISA Group. Mr Hogan's employment will commence on the date that ISA Group is admitted to the Official List of the ASX.

Mr Hogan will be paid a salary of \$165,000 per annum (excluding superannuation), which will be reviewed on each anniversary of admission to the Official List of the ASX.

Mr Hogan is also entitled to a maximum annual bonus of \$35,000, payable at the discretion of the Board and dependent upon performance of ISA Group relative to budget as well as key performance indicators.

In addition, Mr Hogan is entitled to be issued Shares/options to purchase Shares as a performance incentive, subject to any Shareholder approvals required by law or by the ASX Listing Rules from time to time, as follows:

- to the value of 2% of equity in ISA Group payable in 3 tranches commencing 13 months after the Listing Date, subject to achievement by ISA Group of certain key milestones as set out in the executive services agreement; plus
- to the value of 2% of equity in ISA Group payable in 3 tranches commencing on the later of either the approval of the development application for ISA Group's second VWT (if any) or the signing of a lease for the property on which such VWT will be located.

Mr Hogan's agreement is otherwise on terms and conditions common to an agreement of this nature.

(c) Non-Executive Letter Agreements

ISA Group entered into non-executive Director letter agreements with each of Mr Steve Baxter, Mr John Diddams and Mr Ken Gillespie, to provide for the terms and conditions on which the non-executive Directors would carry out their duties to ISA Group and the non-executive Directors agreed to act as non-executive Directors to ISA Group.

(d) Deeds of Access and Indemnity

ISA Group has or intends to execute deeds of access and indemnity in favour of each Director. Under those deeds, ISA Group has or will agree to indemnify each Director to the extent permissible by the Corporations Act against any liability arising as a result of that Director acting in the capacity as an officer of ISA Group. The indemnity is subject to the restrictions prescribed in the Corporations Act. The deeds also give each Director a right of access to Board papers and require ISA Group to maintain insurance cover for the Directors.

9.9 Interests of Directors

Other than as set out above or elsewhere in this Prospectus, no Director has, or had within two years before lodgement of this Prospectus with the ASIC, any interest in:

- the promotion or formation of ISA Group;
- property acquired or proposed to be acquired in connection with its promotion or formation of the Offer under this Prospectus; or
- the Offer of Shares under this Prospectus.

Except as set out in this Prospectus, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director:

- to induce him to become, or to qualify him as, a Director; or
- for services rendered by him in connection with the formation or promotion of ISA Group of the Offer of Shares under this Prospectus.

9.10 Interests of Advisors

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or had within the two years before lodgement of this Prospectus with ASIC, any interest in:

- the formation or promotion of ISA Group;
- property acquired or proposed to be acquired by ISA Group in connection with its formation or promotion of the Offer; or
- the Offer.

No amount has been paid, or agreed to be paid, and no benefit has been given, or agreed to be given, to any such person in connection with the services provided by the person in connection with the formation or promotion of ISA Group or the Offer.

Truman Hoyle has acted as solicitors to ISA Group in relation to the Offer and ISA Group has agreed to pay approximately \$140,000 (exclusive of GST and disbursements) for these services up to the date of this Prospectus. Subsequently, fees will be paid in accordance with normal hourly charge out rates.

RSM Bird Cameron Partners has acted as auditor, and RSM Bird Cameron Corporate Pty Limited has acted as Investigating Accountant and has prepared the Investigating Accountant's Report contained in this Prospectus. ISA Group estimates that it will pay RSM Bird Cameron Corporate Pty Limited approximately \$35,000 (excluding GST and disbursements) for the provision of its services. Subsequent fees will be charged in accordance with normal charge out rates. Boardroom Pty Limited has been appointed as ISA Group's share registry and will be paid for these services on normal commercial terms.

9.11 General

(a) Directors' Consents

Each Director of ISA Group has given, and not withdrawn as at the date of this Prospectus, their consent to the lodgement of this Prospectus.

(b) Consents to be Named

The following persons or firms have each consented to be named in the Prospectus and to the inclusion of the following statements and statements identified in this Prospectus as being based on statements made by those persons, in the form and context in which they are included, and have not withdrawn their consent before lodgement of this Prospectus with the ASIC:

- RSM Bird Cameron Corporate Pty Limited - Investigating Accountant's Report.

To the maximum extent permitted by law, each of the persons referred to above expressly disclaims and takes no responsibility for any part of this Prospectus other than the statements referred to above and the statements identified in this Prospectus as being based on statements made by those persons.

The following persons or firms have each consented to being named in this Prospectus but have not made any statements that are included in this Prospectus or statements identified in this Prospectus as being based on any statements made by those persons, and have not withdrawn their consent before lodgement of this Prospectus with ASIC:

- Truman Hoyle as solicitors to ISA Group;
- RSM Bird Cameron Partners as auditors of ISA Group;
- Boardroom Pty Ltd as share registry; and
- SkyVenture International Limited as Licensor with respect to the SkyVenture Purchase and Licence Agreement; and
- SkyVenture, LLC.

(c) Expenses of the Offer

The total expenses of the Offer are estimated to be \$400,000 and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Full Subscription (\$12,000,000) \$
ASX/ASIC fees	\$66,271
Investigating Accountant's Report	\$35,000
Legal	\$140,000
Prospectus design, typesetting and printing	\$43,000
Share registry processing fees	\$6,600
Disbursements and contingencies	\$55,629
Consultation services of Mr John Diddams relating to IPO	\$50,000
Marketing consulting services	\$3,500
TOTAL	\$400,000

(d) Governing Law

This Prospectus and the contracts that arise from acceptance of the Applications under the Prospectus are governed by the law applicable in New South Wales, Australia and each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

(e) ASX Admission and Quotation

ISA Group will apply to ASX for admission to the Official List and quotation of the Shares on the exchange operated by the ASX within seven days of the date of this Prospectus.

(a) Continuous Disclosure Obligations

Following admission of ISA Group to the Official List of ASX, ISA Group will be a "disclosing entity" (as defined by the Corporations Act) and as such will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, ISA Group will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or value of ISA Group's securities.

Price sensitive information will be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, ISA Group will post this information on its website after the ASX confirms the announcement has been made, with the aim of making the information readily accessible to the widest audience.

(b) Electronic Prospectus

Pursuant to ASIC Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Share Registry on 1300 737 760 and ISA Group will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the Prospectus from ISA Group's website at www.indoorskydiveaustralia.com.au.

9. ADDITIONAL INFORMATION

ISA Group reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

(c) Directors' Signoff

The Directors state that:

- a. They have made all reasonable enquiries and, on that basis, have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive; and
- b. In respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and, on that basis, have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and those persons have not withdrawn their consent before lodgement of this Prospectus with the ASIC, or to the Directors' knowledge, before any issue of Shares pursuant to this Prospectus.

Each of the Directors of ISA Group has consented to the lodgement of this Prospectus in accordance with section 720 of the Corporations Act and has not withdrawn that consent.

Dated: 1 November 2012



Signed for and on behalf of

INDOOR SKYDIVE AUSTRALIA GROUP LIMITED

by

Wayne Jones

Director/CEO

GLOSSARY OF TERMS

The following terms and abbreviations used in this Prospectus have the following meanings:

General Terms

Term/Abbreviation	Meaning
\$, A\$	Australian Dollars
Applicant	A person who submits an Application
Application	A valid application to subscribe for or acquire a specified number of Shares under the Offer
Application Form	The application form which is attached to or accompanying this Prospectus (including the electronic form provided by the online Application facility for payment of Applications monies by BPAY® referred to in this Prospectus)
ASIC	Australian Securities & Investments Commission
Associate	An “associate” as defined in the Corporations Act
ASX	Australian Securities Exchange Limited ACN 008 624 691
ASX Listing Rules	The official listing rules of the ASX as amended from time to time
Board	The board of Directors
CHESS	Clearing House Electronic Subregister System
Closing Date	The last date on which the Applications for Shares may be made, expected to be 5 December 2012 unless the Directors exercise their right to vary that date
Constitution	The constitution of ISA Group
Corporations Act	Corporations Act 2001 (Cth), as amended from time to time
Directors	Directors of ISA Group
Equipment	Vertical wind tunnel
Existing Shareholder	A shareholder on the register of members as at 5.00pm AEST on 31 October 2012
Financial Year	A year commencing on 1 July and ending on 30 June of the following year
GST	Goods and Services Tax
ISA Group	Indoor Skydive Australia Group Limited ACN 154 103 607
Issue	The issue of Shares pursuant to this Prospectus
Listing Date	Date of admission to the Official List of the ASX and quotation of all Shares
Listing Rules	Official Listing Rules of the ASX, as amended from time to time
Minimum Subscription Amount	Means \$12 million represented by 60,000,000 Shares at \$0.20 per Share
Offer	The offer of Shares the subject of this Prospectus
Opening Date	The date upon which the Offer opens
Prospectus	This prospectus dated 1 November 2012 for the offer of 60 million Shares in ISA Group as modified by any supplementary prospectus made by ISA Group and lodged with ASIC from time to time
Shares	Ordinary shares in ISA Group
SkyVenture	SkyVenture, LLC and SkyVenture International Limited
VWT	Vertical Wind Tunnel

If you complete the application form attached on the following pages, you will be providing personal information to ISA Group directly and/or through the share registry. ISA Group (and the share registry on ISA Group's behalf) collects, holds and uses that personal information in order to assess your application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration of ISA Group. All personal information collected by ISA Group will be collected in accordance with the National Privacy Principles set out under the Privacy Act 1988.

Under the Privacy Act 1988, you may request access to your personal information held by (or on behalf of) ISA Group. In certain circumstance, we may charge a fee to access your personal information, particularly where your request requires compilation of personal information that has been archived or is of a significant size.



APPLICATION FORM

Pin cheque here (do not staple)

REGISTRARS USE ONLY

INDOOR SKYDIVE AUSTRALIA GROUP LIMITED ("ISA Group") ABN 39 154 103 607

Before completing this Application Form, you should read the Prospectus dated 1 November 2012 and the instructions overleaf. No Shares will be issued pursuant to this Prospectus later than 13 months after the date of the Prospectus.

Please read all instructions overleaf to complete this Application Form

Broker's Code

Adviser

Broker's Stamp

A I/We apply for number of Shares or such lesser number of Shares as may be allocated to me/us by ISA Group. (All applications must be for a minimum of 10,000 Shares and thereafter in multiples of 500 Shares).

B I/We lodge full application monies A\$.00 (\$0.20 per Share)-refer to Note B overleaf

C **Single/Joint Applicant No.1 - refer overleaf for correct forms or registrable title(s)**

Title Given name(s) Surname

Joint Applicant No.2 or account Designation

Title Given name(s) Surname

Joint Applicant No.3 or account Designation

Title Given name(s) Surname

D **Enter your postal address details — include State and Postcode**

Unit number Street number or Post Office Box or other Mail Box details (if applicable)

Street Name

Suburb/City State Postcode

E **Contact Name** **Home Telephone Number** **Work Telephone Number**

e-mail Address

F **CHESS Participant — HIN (where applicable)**

G **Enter your Tax File Number(s) or exemption category**

H Pin your cheque above — Cheques should be crossed **Not Negotiable** and made payable to:
Indoor Skydive Australia Group Limited Float Account.

Cheque Details

Drawer	Bank	BSB	Amount of Cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Bpay®: If you wish to pay via BPAY you should log onto www.boardroomlimited.com.au/ISAGroupOffer and complete an online Application Form. Should you pay via BPAY DO NOT post your Application Form. Your application will be submitted electronically as part of the online application process.

Declaration and Statements: By lodging this Application Form, I/We:

- declare that all details and statements made by me/us are complete and accurate;
- agree to be bound by the terms and conditions set out in the Prospectus and by the Constitution of Indoor Skydive Australia Group Limited;
- acknowledge that I/we have received the Prospectus in hard copy or electronically (or if electronically, a print out of it);
- represent, warrant and agree that I/we have read the Prospectus in full;
- authorise ISA Group to complete and execute any documentation necessary to effect the issue of Shares to me/us;
- acknowledge that once ISA Group accepts my/our Application, we may not withdraw it;
- acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Shares in Indoor Skydive Australia Group Limited and that no notice of acceptance of the application will be provided;
- acknowledge that I/we agree to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the Applicants pursuant to the Prospectus;
- represent, warrant and agree that I/we have not received the Prospectus outside Australia and am/are not acting on behalf of a person resident outside Australia unless the Shares may be offered in my/our jurisdiction without contravention of the security laws of the jurisdiction or any need to register the Prospectus, the Shares or the Offer;
- acknowledge that the Offer is only being made to persons with Australian registered addresses and Applications by any other person will be rejected;
- represent, warrant and agree that I/we am/are not in the United States or a US person, and am/are not acting for the account or benefit of a US person;
- acknowledge that my/our Application may be rejected by ISA Group in its absolute discretion.
- acknowledge that neither ISA Group nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital and that, in some circumstances, ISA Group may not pay any distributions; and
- am/are over 18 years of age if I/we am/are natural persons.

To meet the requirements of the Corporations Act 2001, this form must not be handed to any person unless it is attached to or accompanied by the prospectus dated 1 November 2012 and a person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus.

The Shares to which this Application Form relates are Shares in Indoor Skydive Australia Group Limited ("ISA Group"). Further details about the Shares are contained in the Prospectus dated 1 November 2012. ISA Group will send paper copies of the Prospectus, any supplementary documents and the Application Form, free of charge on request if you contact ISA Group on 02 9325 5960 during the Offer period. This Application Form is included in the Prospectus.

How to complete the Application Form

Applications must be made on the Application Form attached to or accompanying this Prospectus. Please complete all relevant parts of the Application Form using BLOCK LETTERS, using black or blue ink.

- | | |
|--|--|
| <p>A) Enter the NUMBER OF SHARES you wish to apply for. The application must be for a minimum of 10,000 Shares and thereafter multiples of 500 Shares.</p> <p>B) Enter the TOTAL AMOUNT of application money payable. To calculate the amount, multiply the number of Shares applied for by \$0.20.</p> <p>C) Enter the FULL NAME(S) of all legal entities that are to be recorded as the registered holder(s). Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected.</p> <p>D) Enter the POSTAL ADDRESS for all communications from ISA Group. Only one address can be recorded.</p> <p>E) Enter a CONTACT NAME and TELEPHONE NUMBER(S) of a person the share registry can speak to regarding any queries they may have on the Application.</p> | <p>F) ISA Group will become an Issuer Sponsored participant in the Australian Stock Exchange CHES System. This enables a holder to receive a statement of the shareholdings from ISA Group's Share Registrar. If you are already a Broker Sponsored participant in this system, enter your Holder Identification Number (HIN). Otherwise, leave this box blank and your Shares will automatically be Issuer sponsored on allotment.</p> <p>G) Enter the TAX FILE NUMBER(S) of the Applicant(s). Collection of Tax File Numbers is authorised by taxation laws. Quotation of Tax File Number(s) is not compulsory and will not affect the Application.</p> <p>H) Enter the details of cheque(s) accompanying the Application Form in payment of application monies.</p> |
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If your Application Form is not completed correctly, it may still be treated as valid. ISA Group's decision as to whether to treat your Application as valid, and how to construe, amend or complete it, shall be final. There is no requirement to sign the Application Form.

PAYMENT

Applications for Shares must be accompanied by the application money of \$0.20 per Share (in Australian currency). Cheques should be made payable to "Indoor Skydive Australia Group Limited Float Account" and crossed 'Not Negotiable'. If you wish to pay via BPAY you should log onto www.boardroomlimited.com.au/ISAGroupOffer and complete an online Application Form. Your application will be submitted electronically as part of the online application process. Payments must be received by BPAY before 5.00pm (AEDT) on 5 December 2012. If the BPAY payment is for any reason not received in full, ISA Group may treat you as applying for as many Shares as the cleared monies will pay for.

LODGING OF APPLICATIONS

Unless lodging your Application online and paying by BPAY, completed Application Forms and accompanying application monies must be:

<p>Posted to:</p> <p>Indoor Skydive Australia Group Limited C/- Boardroom Pty Ltd Level 7, 207 Kent St Sydney NSW 2000</p>	<p>OR</p>	<p>Delivered to:</p> <p>Indoor Skydive Australia Group Limited C/- Boardroom Pty Ltd Level 7, 207 Kent St Sydney NSW 2000</p>
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CORRECT FORM OF REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities in accordance with the Corporations Act 2001. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual - Use given name(s) in full, not initials	John David Smith	J D Smith
Joint - Use given name(s) in full, not initials	Mr John David Smith & Mrs Jane Smith	John & Jane Smith
Company - Use company title, not abbreviations	XYZ Pty Ltd	XYZ P/L XYZ Co
Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust	Mr John David Smith <John David Smith Family A/c.	John Smith Family trust
Deceased Estates - Use executor(s) personal name(s) - Do not use the name of the deceased	Mr Michael Peter Smith <Est John Smith A/c>	John Smith (Deceased) Estate of late John Smith
Partnerships - Use partners personal name(s) - Do not use the name of the partnership	Mr John David Smith and Mr Ian Lee Smith <John Smith & Son A/c>	John Smith & Son
Superannuation Funds - Use the name of trustee of the fund - Do not use the name of the fund	John Smith Pty Limited <Super Fund A/c>	John Smith Superannuation Fund

Dedicated to the memory
of
Sgt Blaine Flower Diddams
SASR Patrol Commander,
killed in action in Afghanistan,
2nd July 2012.

Blaine brought us together and shared our vision.

